

**FIRST ISSUE OF BANKING NEWS, PAGES 33-56**

# **BANKING**

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



**THE CONDITION OF BUSINESS**

17

**THE BANKER-FARMER FOOD TEAM**

**CLAUDE R. WICKARD 19**

**RATION BANKING COAST TO COAST**

22

**BEHIND THE FIGURES**

**WILLIAM A. IRWIN 25**

**MISS BANKING**

**DOROTHY RAGAN 26**

**FROM THE CRADLE TO THE GRAVE**

**PAUL F. CADMAN 28**

**THE AD-VENTURES OF PVT. ENTERPRISE**

30

**OUR NATIONAL DEBT**

**W. L. HEMINGWAY 36**

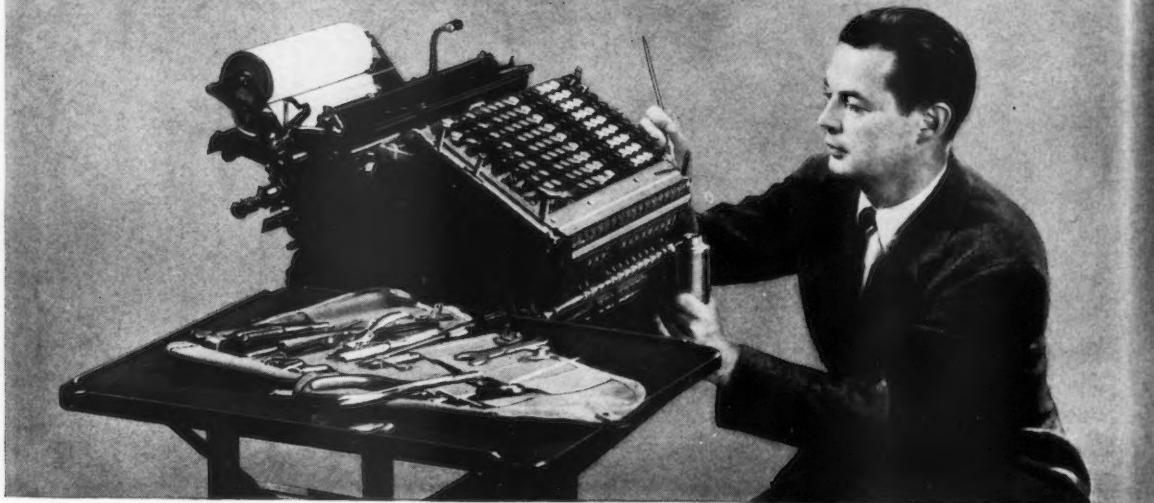
**LOOK FOR THESE:— ANY TAX REFUNDS? (page 44) . . . BANK**

**BREAD AND BUTTER (page 62) . . . WHAT WOMEN THINK (page 41)**

**SPARKLERS (page 43) . . . "JAP INK POOR STUFF" (page 75)**



*Like Each Machine at the Front—*  
**EACH MACHINE IN YOUR OFFICE MUST FUNCTION AT PEAK EFFICIENCY**



## **Burroughs Mechanical Service Keeps Your Office Machines "In Action"**

Systematic inspection, lubrication and adjustment of your Burroughs machines, performed by Burroughs factory-trained, factory-controlled service men, can prove a decisive factor in meeting wartime accounting problems. This Burroughs service helps you utilize the full efficiency of your machines in accomplishing more work in less time—safeguards against work stoppage and lost time caused by preventable

interruptions. All work is guaranteed. All repairs and replacements are made with genuine Burroughs parts.

Arrange today for efficient maintenance of your Burroughs machines under a Burroughs Service Agreement, at a moderate pre-determined cost; or on the basis of a moderate charge for service as rendered. Call the local Burroughs office, or write—  
**BURROUGHS ADDING MACHINE COMPANY**  
**DETROIT, MICHIGAN**

★ ★ ★ ★  
**MANUFACTURING FOR WAR**

Manufacture of aircraft equipment for the Army Air Forces and Burroughs figuring equipment for the Army, Navy, U. S. Government and the nation's many war activities is the vital task assigned to Burroughs in the Victory Program.

# Burroughs

# Just a Minute



HARRIS & EWING

Midwinter

## The Word Is Forward

"THE people have now gathered their strength. They are moving forward in their might and power—and no force, no combination of forces, no trickery, deceit or violence can stop them now. They see before them the hope of the world—a decent, secure, peaceful life for men everywhere."—President ROOSEVELT in his message on the state of the Union.

## Changes

WE MAKE a few changes in BANKING this month. The old Organization Section, which for many months closed the magazine, is replaced by 24 pages called "Banking News," printed after the main editorial pages in the place where formerly our picture features appeared.

The new section is interesting and worth while. We have included in it a wide variety of material ranging from bank news to tax refunds, and there are plenty of pictures. The old picture section, in eight pages, is merged with the new section.

## A 12-Point Program

DR. PAUL F. CADMAN, economist of  
(CONTINUED ON PAGE 3)

# BANKING

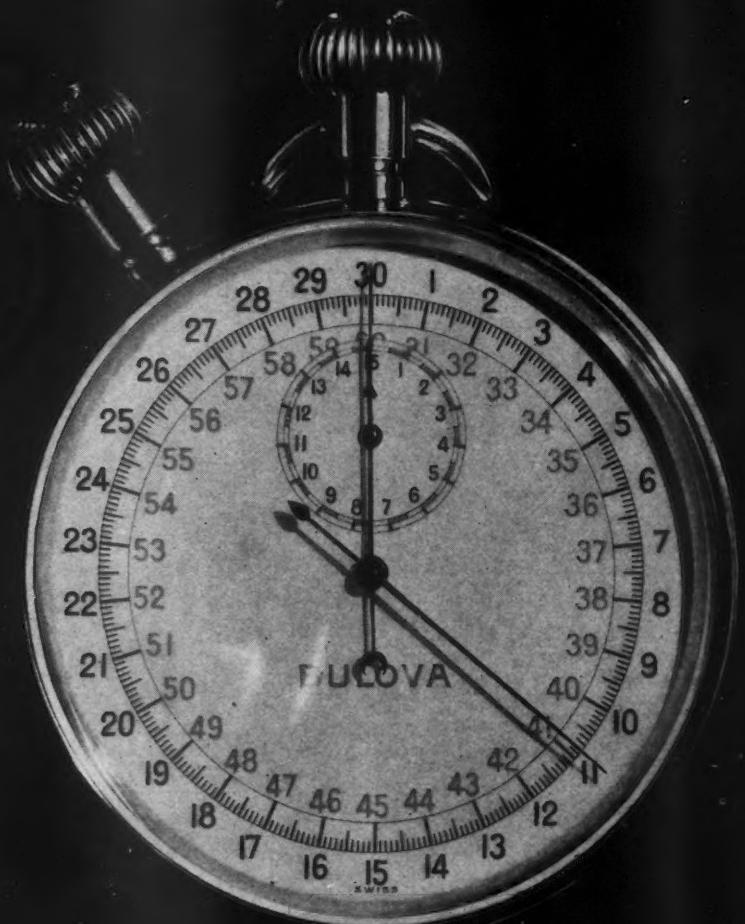
JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

## CONTENTS FOR FEBRUARY 1943

Just a Minute . . . . .	<i>John L. Cooley</i>	1
The National Prospect . . . . .	<i>Herbert Bratter</i>	10
The Condition of Business . . . . .	<i>William R. Kuhns</i>	17
The Banker-Farmer Food Team . . . . .	<i>Claude R. Wickard</i>	19
Word from the Food Front . . . . .	<i>C. C. Neumann</i>	21
Ration Banking Coast to Coast . . . . .		22
Victory Money . . . . .		24
Behind the Figures . . . . .	<i>William A. Irwin</i>	25
Miss Banker . . . . .	<i>Dorothy Ragan</i>	26
From the Cradle to the Grave . . . . .	<i>Paul F. Cadman</i>	28
Industry Also Plans: An Ad-Venture of Pvt. Enterprise . . . . .		30
<b>BANKING NEWS</b>		
News Items . . . . .		33
Our National Debt . . . . .	<i>W. L. Hemingway</i>	36
War Bond Promotion . . . . .		38
Mortgage Loan Manual . . . . .	<i>Margaret Kane</i>	40
Women in Banking . . . . .	<i>Mary B. Leach</i>	41
Sparklers for Speakers . . . . .	<i>Herbert V. Prochnow</i>	43
Tax Refund Opportunities . . . . .	<i>J. K. Lasser</i>	44
Renegotiation and V Loans . . . . .	<i>Herbert Bratter</i>	46
Army Banks . . . . .		48
State Banking Law Revision . . . . .	<i>Carl K. Withers</i>	49
Life Insurance Loans . . . . .	<i>C. V. T. Ludlow</i>	50
News Items . . . . .		51
Convention Calendar . . . . .		54
This Changing Bank World . . . . .	<i>William Hurd Hillyer</i>	57
The Legal Answer Page . . . . .		60
Methods and Ideas . . . . .		62
Ration Banking Inventory . . . . .	<i>Pictures</i>	74
Heard Along Main Street . . . . .		75
North of the Border . . . . .		84
War Bond Safekeeping . . . . .		86
Personnel Tips from the Navy . . . . .	<i>Kenneth McLaren</i>	88
Mortgage Loan Delinquency . . . . .	<i>W. R. Bryant</i>	91
Your Reading . . . . .		93
Index to Advertisers . . . . .		94
A Violation of Credit Principles . . . . .		96

BANKING — Published monthly by the American Bankers Association, 22 East 40th Street, New York, N. Y., U. S. A. — \$3.00 per year.

Volume XXXV, No. 8. Copyright 1943, American Bankers Association, Harold Stonier, Executive Manager, William R. Kuhns, Editor. Assistant Editors, John L. Cooley, John J. McCann. Editorial Assistant, Mary B. Leach. Field Representatives: Alden B. Baxter, Advertising Manager, Prentiss Jackson, Jr., Malcolm Davis, 22 E. 40th St., New York City; Robert W. Kneebone, Western Manager at 230 N. Michigan Ave., Chicago, Ill.; Stanley Ikard, Los Angeles, Cal. Washington office, Washington Building, 15th St. and Pennsylvania Ave.; Circulation Manager, Robert J. Siehl. Subscriptions: \$3 yearly; Canada, \$3.50; foreign, \$4.00; single copies, 25 cents. Entered as second-class matter May 5, 1909, at the Post Office at New York, N. Y., under the Act of March 3, 1879. Additional entry at Concord, N. H. With the exception of official Association announcements, the American Bankers Association disclaims responsibility for opinions expressed and statements made in articles published in this Journal.



## \$10,000 Worth of War Bonds Sold Every $10\frac{4}{5}$ Seconds\* by This Nation's Banks

One day swords will be beaten back to plowshares; and tanks to tractors; and men will walk easily again, unafraid, in the streets of the cities of a free world. » » America is seeing to that—in battle lines stretched from Alaska to Africa to Australia; or assembly lines all over the nation; and in the long lines of Americans, answering the cry, "Any Bonds, Today?" with purchases which are already in excess of \$8,267,000,000! » » To date, America's banks have been America's Star Salesmen! For these institutions have sold 85% of this huge total—more than \$56,000 worth of War Bonds every minute! » » And they are doing it without compensation or profit. Doing it in spite of the shortage of

man power—and in the face of the added expense made necessary by the employment of extra staffs. » » The Government and the people of the United States have confidence in banks. Confidence, secured by long years of faithful, efficient service to the community and the nation. » » One of these important services is the protection of depositors' checks through the use of Safety Paper. Safety Paper, which protects checks against fraudulent alteration and counterfeiting, was invented by George La Monte in 1871. La Monte Safety Papers—identified by the wavy lines—are used by individuals, corporations and banks throughout the nation.

\*Based on 40-hour week—Nov. 1, 1941, to Oct. 31, 1942.

GIVE UNCLE SAM YOUR CHECK FOR WAR BONDS

LA MONTE *Safety* PAPER

GEORGE LA MONTE & SON  
Nutley New Jersey



## JUST A MINUTE—Continued

the American Bankers Association, returns to BANKING's pages, after an absence of several months, with "From the Cradle to the Grave." Here's a keen, well-presented critique of social security, constructively offering a few specific essentials to any successful program.

Dr. CADMAN thinks it's "time for the experienced, the practical, the provident, and the far-sighted to take their places among the ranks of the planners if true liberalism is to prevail."

"Freedom," he goes on, "is a costly thing. It involves the right to make mistakes, the right to be wrong, the right to create and the right to conserve. But most of all it involves the right to a maximum of independence and personal responsibility without which security is impossible and social welfare is an idle thing."

Check Dr. CADMAN'S 10 points against your thinking on the subject.

### Where's The Cracker Barrel?

SAID THE New York Times recently: "White Plains, N. Y.—Short of fuel oil to keep its depositors and tellers warm, the People's National Bank and Trust Company of this city obtained an old-fashioned pot-bellied coal stove today and installed it in the center of the marble lobby of the bank's modern building.

"Depositors remarked that harness racks and cracker barrels would be suitable appurtenances, but the bank retained its walnut and bronze furnishings. The stove is five feet high. It has

20 feet of stovepipe which extends across tellers' cages and out a window."

BANKING presents the pictorial evidence elsewhere on this page.

### Jim Hanley

OUR NOMINATION for the Item of the Month in this BANKING is the one about the banker who was in the vanguard when the United States Marines landed on Guadalcanal Island last Summer.

His name is Lieutenant JAMES J. HANLEY, JR. Before the war he was in the credit department of the Chemical Bank and Trust Company, New York City. Not only did he command the first boatload in the right wing assault on the beach, but he was out in front when the Marines later launched their land drive against the Japs.

This department, not being addicted to lily-gilding, respectfully refers you to page 75 where you'll find excerpts from Lieutenant HANLEY's letters to the bank and to his family.

### The Old Gang

IN OUR search for material on what bankers-in-the-service are doing here and abroad we found one letter that well expressed a soldier's sentiment. It was a thank you note for the bank's Christmas remembrance, and it concluded with this sentence:

"It isn't just the wallet that means so much—it's simply knowing that the old gang back home hasn't forgotten us."

Maybe this will be a reminder to some of us who haven't been such good correspondents.

(CONTINUED ON PAGE 5)

First aid to the chilly—see story above



WIDE WORLD

## BUSINESS NEED NOT "FLY BLIND"



Our services chart a safe course through problems involving income and estate taxes, insurance.

The AMERICAN APPRAISAL Company  
CONSULTANTS IN PROPERTY ECONOMICS

## R. G. RANKIN & CO.

CERTIFIED  
PUBLIC  
ACCOUNTANTS

Examinations  
of  
Banks and Trust Companies  
for  
Directors' Committees

NEW YORK  
CHICAGO  
WASHINGTON

# State and Municipal Issues

• • • 1942 • • •

**Underwritten alone or with associates by Halsey, Stuart & Co. Inc.**

†\$1,021,000	ALBANY COUNTY, N. Y. 1.90% Bonds, Due 1942-61	* \$ 148,000	JOHNSTOWN, PA., CITY OF 1 1/4% Bonds, Due 1943-52	* \$ 425,000	SAC COUNTY, IOWA 1% Bonds, Due 1943-47
* 78,000	ALIQUIPPA, PA., BOROUGH OF 1 1/2% Bonds, Due 1943-52	* 225,000	LAWRENCE, MASS., CITY OF 1 1/4% Bonds, Due 1943-52	* 60,000	SALEM, MASS., CITY OF 1% Bonds, Due 1943-52
† 5,800,000	ALLEGHENY COUNTY, PA. 1 1/2% Bonds, Due 1943-72	* 61,327	LORAIN, OHIO, CITY OF 1 1/2% Bonds, Due 1944-53	† 700,000	SAN FRANCISCO, CALIF., CITY OF 3/4% & 2% Bonds, Due 1944-46
‡ 4,250,000	BIRMINGHAM, ALA., CITY OF 2 3/4% Bonds, Due 1945-72; Opt. 1945	* 425,000	LYON COUNTY, IOWA 0.75% Bonds, Due 1943-47	* 210,000	SCRANTON, PA., CITY OF 2% Bonds, Due 1943-57 Opt. 1947
† 8,286,000	BOSTON, MASS., METROPOLI- TAN DISTRICT 1 1/4% Bonds, Due 1943-67	* 100,000	MASON CITY, IOWA IND. SCHOOL DIST. 1 1/4% Bonds, Due 1945-54	* 250,000	SIOUX CITY, IOWA, CITY OF 1 1/2% Bonds, Due 1943-61
† 8,000,000	BOSTON, MASS., CITY OF 0.60% & 0.67% Notes, Due 1942 (Two Issues)	† 2,000,000	MASSACHUSETTS, COMMON- WEALTH OF 1 1/2% Bonds, Due 1943-72	* 425,000	SIOUX COUNTY, IOWA 0.75% Bonds, Due 1943-47
* 1,009,000	BRIDGEPORT, CONN., CITY OF 1.40% Bonds, Due 1944-52 0.53% Notes, Due 1943	* 55,000	MEDFORD, MASS., CITY OF 1 1/4% Bonds, Due 1943-52	* 463,000	SOMERVILLE, MASS., CITY OF 1 1/4% & 1 1/2% Bonds, Due 1943-52 (Four Issues)
† 692,000	BRIDGEPORT, CONN., CITY OF 1.10% Bonds, Due 1944-52	† 2,989,500	MINNEAPOLIS, MINN., CITY OF 1 1/2% & 1.60% Bonds, Due 1943-62 (Two Issues)	* 100,000	STEUBENVILLE, OHIO, CITY OF 1 1/4% Bonds, Due 1943-52
* 325,000	BROCKTON, MASS., CITY OF 1 1/4% & 1 1/2% Bonds, Due 1943-52 (Three Issues)	* 799,444	MINNEAPOLIS, MINN., CITY OF 1.40% & 1 1/4% Bonds, Due 1943-62 (Three Issues)	† 350,000	SUFFOLK COUNTY, N. Y. 1 1/2% Bonds, Due 1954-56
* 140,000	BRONXVILLE, N. Y., VILLAGE OF 1.10% Bonds, Due 1943-46	* 330,000	NEW BEDFORD, MASS., CITY OF 1 1/4% & 1 1/2% Bonds, Due 1943-52 (Two Issues)	* 180,000	WARWICK, R. I., CITY OF 2 1/4% Bonds, Due 1943-63
* 340,000	BUENA VISTA COUNTY, IOWA 1% Bonds, Due 1943-47	* 200,000	NEW BRITAIN, CONN., CITY OF 2% Bonds, Due 1944-63	* 300,000	WATERBURY, CONN., CITY OF 1.90% Bonds, Due 1956-57
* 340,000	CALHOUN COUNTY, IOWA 1% Bonds, Due 1943-47	* 150,000	NEW KENSINGTON, PA., CITY OF 1 1/4% Bonds, Due 1943-47	* 15,000	WEST CANADA VALLEY, CENT. SCHOOL DIST. 1.90% Bonds, Due 1943-57
* 100,000	CHELSEA, MASS., CITY OF 1 1/2% Bonds, Due 1943-52	† 50,000,000	NEW YORK, N. Y., CITY OF 2 1/4% & 2 1/2% Bonds, Due 1943-72	† 1,000,000	WEST VIRGINIA, STATE OF 1 1/2% & 3% Bonds, Due 1943-67
* 425,000	CHEROKEE COUNTY, IOWA 0.75% Bonds, Due 1943-47	* 70,800	OSSINING, N. Y., TOWN OF 1.40% Bonds, Due 1942-50	* 429,365	WICHITA, KANSAS, CITY OF 1 1/2% Bonds, Due 1943-52 (Two Issues)
† 2,500,000	CHICAGO, ILL. THE SANITARY DISTRICT OF 2% Bonds, Due 1963; Opt. 1944-62	* 340,000	POCAHONTAS COUNTY, IOWA 0.75% Bonds, Due 1943-47	* 70,000	WOODBURY COUNTY, IOWA 1 1/2% Bonds, Due 1949-50
* 25,000	CHITTENDEN, N. Y., VILLAGE OF 1.60% Bonds, Due 1944-56	* 50,381	PORT HURON, MICH., CITY OF 1 1/4% Bonds, Due 1943-49		
* 33,511	COSHOCOTON, OHIO, CITY OF 1 1/2% Bonds, Due 1943-52	† 3,065,000	ROCHESTER, N. Y., CITY OF 1.70% Bonds, Due 1943-52		
* 100,000	CRANSTON, R. I., CITY OF 2% Bonds, Due 1943-62				
† 1,140,000	CUYAHOGA COUNTY, OHIO 1 1/2% Bonds, Due 1945-54				
‡17,143,000	DETROIT, MICH., CITY OF 2 1/4%, 2 1/2% & 3% Bonds, Due 1943-62				
* 64,000	EASTCHESTER, N. Y., TOWN OF 1.10% Bonds, Due 1943-46				
* 91,000	EAST GRAND RAPIDS, MICH., CITY OF 1 1/4% Bonds, Due 1948-52				
* 1,360,000	ERIE COUNTY, N. Y. 1.40% Bonds, Due 1943-46				
* 190,000	GARY, IND., CITY OF 2% & 2 1/4% Bonds, Due 1956-57 (Two Issues)				
† 1,040,000	GREENBURGH, N. Y., TOWN OF 2.20% Bonds, Due 1943-47				
* 210,000	HACKENSACK, N. J., CITY OF 2.10% Bonds, Due 1944-58				
† 2,000,000	HARRIS COUNTY, TEXAS 2.20% Bonds, Due 1943-62				
† 1,480,000	HARTFORD COUNTY, CONN., METROPOLITAN DIST. OF 1 1/4% Bonds, Due 1943-82				
* 97,000	HEMPSTEAD AND NORTH HEMPSTEAD, N. Y. CENTRAL S. D. No. 2 2% Bonds, Due 1943-57				
* 424,000	HUDSON COUNTY, N. J. 2 3/4% Bonds, Due 1943-67				
* 340,000	HUMBOLDT COUNTY, IOWA 1% Bonds, Due 1943-47				
* 425,000	IDA COUNTY, IOWA 1% Bonds, Due 1943-47				

\* Underwritten alone by Halsey, Stuart & Co. Inc.

† Account headed by Halsey, Stuart & Co. Inc.

‡ Member of Underwriting and Distributing Group  
(Calendar year to December 28, 1942)

Descriptive circulars and current quotations will be supplied for any of the above securities upon request.

## Of Value and Interest to All Investors

Year-End  
Bond Review

December, 1942

HALSEY, STUART & CO. INC.  
Member of Underwriting and Distributing Group

**NOW READY  
FOR DISTRIBUTION**

This annual publication presents an authoritative resume of the bond market as a whole and analyses of the industrial Bond Market, the Railroad Situation, the Public Utility Industry and the Municipal Bond Market. Also discusses the investment outlook. Sent investors without obligation. Ask for KC-64.

**HALSEY, STUART & CO. INC.**  
CHICAGO, 201 South La Salle Street • NEW YORK, 35 Wall Street  
AND OTHER PRINCIPAL CITIES

BANKING

## JUST A MINUTE—Continued

### Ha! Ha!

A JOKES PAGE, paradoxically enough, is the last thing in the world to be taken lightly. Yes, there's plenty of material and opportunity for the exercise of judgment; and probably somebody would chuckle at every joke you'd print . . . but would they? There, Dear Reader, is the rub. The more jokes you read or hear, in process of editing a J.P., the more gloomy you become. And the joke that's funny to you won't even get a "Well, well" from your colleague at the next desk. Humor, like many other things, seems to be relative.

Well, the first thing we did toward acquiring the wisdom set forth in that statement was to scour scornfully other magazines. There they were (the jokes)—little ones, big ones, medium-sized ones, sparkling in out-of-the-way places, grinning self-confidently from carefully labelled Jokes Departments, smiling demurely from humble situations as "fillers" on pages where the ads didn't quite fit.

Some of the jokes (we thought) were very good; we shall not carry the classification further. The trouble was that nobody on the editorial staff thought every joke was good, and no one would take the responsibility for saying this is funny and that is covered with whiskers.

### "Sparklers"

OF COURSE we were getting nowhere, so we charged the whole thing off to experience and sought refuge in that

Here's a typical scene in a bank in a war industry city. This happens to be the lobby of a branch of The First National Bank & Trust Company, Bridgeport, Connecticut. The time, perhaps it's needless to add, is payday



inalienable American right, the Fresh Start.

We got somebody else to do the job.

As you will see when you get to page 43, the toga of BANKING's humorist this month alighted, much to his astonishment, on the able person of HERBERT V. PROCHNOW, who should know a lot about stories because he has just published a book on public speaking which contains a mine of 'em.

Mr. PROCHNOW, from his desk in the First National Bank of Chicago, wears his honors most becomingly. Not only does he tell some good stories, but he shows how a good joke and anecdote can be used effectively by speakers.

So what started to be a Jokes Page becomes a Page with a Point.

### Ration Roundup

RATION CLEARING, ration banking or ration coupon banking (whatever you want to call it) arrives on a nationwide scale, and as the banks go into action we present a resume of the situation, illustrated with some timely pictures of last minute preparations for putting the system into operation.

### "Food Will Win the War"

SECRETARY WICKARD'S article, "The Banker-Farmer Food Team," gives the new food director's views on the importance of bank cooperation with the men who make it possible for our armies to fight and our civilians to work—the growers of our crops.

The Secretary once said that food would win the war. The 1943 produc-

### SPECIALISTS IN—

## United States Government Securities

Guaranteed Issues  
Federal Land Bank  
and  
Other Agency Issues  
Territorial Bonds  
Municipal Bonds

## C. J. DEVINE & CO.

48 Wall Street, New York  
Chicago • Boston • Philadelphia  
Cincinnati • St. Louis • San Francisco  
Direct Wires to all Offices



Under the Old Republic Plan  
insurance on personal loans  
gives economical protection  
to both lender and borrower.



The largest independent company exclusively insuring the lives of borrowers.

309 W. Jackson Chicago

## HAVE YOU A CHECK DEPARTMENT IN YOUR BANK?

If a customer in your bank wants a new check book, can he pick it up at any window or is he required to go to the "Check Department"? We admit that it is a lot more convenient to get it at the nearest window but it's far more economical for the bank to distribute all checks from one point.

Why? Well, because the young lady placed in charge of checks will sell more than she will give away. She'll ask everyone to buy Personalized Checks and about seven out of ten will do it. Some will want pocket checks, some will choose Newports for home use, while others will prefer Standardized Business Checks. Regardless of the style, if the customer's name is imprinted, the bank recovers its full cost.



Manufacturing Plants at

NEW YORK CLEVELAND CHICAGO KANSAS CITY ST. PAUL

Look how it helps the people in your shop, too . . . especially new people. Sorting and filing are easy when Mr. Kianakopopolous uses an imprinted check, but how many "man hours" will you lose if you have to decipher his signature. This alone justifies pushing personalized checks but the saving in money is important also.

Here's a tip. If you already are engaged in the Personalized Check Program or if you are just considering it, the secret in putting it across is sustained effort. One live wire who is really sold on the idea can do a bang-up job. And we'll help, too, if you'll write us for publicity material and samples.



THOMAS, ASSOCIATED NEWSPAPERS

The Big Butter and Egg Man

tion program projected by the Department of Agriculture (and pictured in a chart with this article) is an undramatic but very vital part of our war plans for the year, one in which banks long ago enlisted for the duration—and beyond.

### *Safekeeping*

THE ST. LOUIS office of the Fidelity and Deposit Company of Maryland requested permission to reprint in full the survey on War Bond safekeeping practices, published in the December issue of BANKING.

"We intend to send this to all of the banks in the eastern Missouri and southern Illinois territories," wrote FRED H. DOENGES, manager, "suggesting a review of their insurance protection in view of their acceptance of government bonds for safekeeping."

### *Another Compliment*

WE WERE pleased to receive this letter from C. R. ORCHARD, special assistant to the board of directors of the FDIC:

"It has occurred to us that Banker Peters' list of five obligations a bank owes its borrowers, which you published in your December issue, would undoubtedly be of service to officials of Federal credit unions, which we supervise.

"If it proves practicable to do so, therefore, we should like to quote them in a forthcoming issue of the magazine 'Cooperative Saving with Federal Credit Unions,' which we send these credit unions."

### *For Meritorious Service*

THE NAVY "E" has been awarded to the First Wisconsin National Bank of Milwaukee for its contributions to the success of a "Fly for Navy" recruiting campaign in the Milwaukee area.

(CONTINUED ON PAGE 8)

## THE PUBLIC NATIONAL BANK AND TRUST COMPANY OF NEW YORK

**Service**—Maintaining an intimate, personalized correspondence bank service.

**Experience**—Officials with years of service in this field, assuring a knowledge of requirements and valuable assistance.

**Policy**—To cooperate with out-of-town banks rather than compete for business which is rightfully theirs.



ESTABLISHED 1908

MEMBER

NEW YORK CLEARING HOUSE ASSOCIATION  
FEDERAL DEPOSIT INSURANCE CORPORATION

INSIST ON  
*Parsons*  
Papers  
FOR YOUR  
*Forms*  
*Records*  
*Stationery*

Superior Quality

MADE FROM COTTON FIBERS

Ask your Printer for Samples  
of these fine grade Papers

PARSONS PAPER CO.  
HOLYOKE - MASSACHUSETTS

# THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

*Statement of Condition, December 31, 1942*

## RESOURCES

CASH AND DUE FROM BANKS . . . . .	\$1,132,552,794.75
U. S. GOVERNMENT OBLIGATIONS, DIRECT AND FULLY GUARANTEED . . . . .	2,327,747,894.50
STATE AND MUNICIPAL SECURITIES . . . . .	87,659,461.60
STOCK OF FEDERAL RESERVE BANK . . . . .	6,016,200.00
OTHER SECURITIES . . . . .	164,153,071.12
LOANS, DISCOUNTS AND BANKERS' ACCEPTANCES . . . . .	786,056,843.05
BANKING HOUSES . . . . .	36,712,172.54
OTHER REAL ESTATE . . . . .	6,300,887.68
MORTGAGES . . . . .	7,721,123.52
CUSTOMERS' ACCEPTANCE LIABILITY . . . . .	3,775,268.58
OTHER ASSETS . . . . .	10,800,333.43
	<u>\$4,569,496,050.77</u>

## LIABILITIES

### CAPITAL FUNDS:

CAPITAL STOCK . . . . .	\$100,270,000.00
SURPLUS . . . . .	100,270,000.00
UNDIVIDED PROFITS . . . . .	<u>45,049,412.80</u>

\$ 245,589,412.80

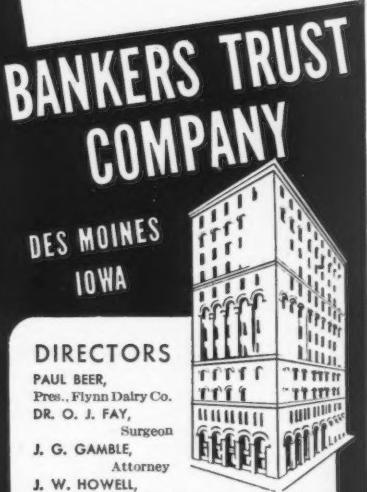
DIVIDEND PAYABLE FEBRUARY 1, 1943 . . . . .	5,180,000.00
RESERVE FOR CONTINGENCIES . . . . .	11,810,380.27
RESERVE FOR TAXES, INTEREST, ETC. . . . .	3,681,901.24
DEPOSITS . . . . .	4,291,466,886.03
ACCEPTANCES OUTSTANDING . . . . .	\$ 7,107,370.38
LESS AMOUNT IN PORTFOLIO . . . . .	<u>2,989,534.46</u>
LIABILITY AS ENDORSER ON ACCEPTANCES AND FOREIGN BILLS . . . . .	4,117,835.92
OTHER LIABILITIES . . . . .	340,860.29
	<u>7,308,774.22</u>
	<u>\$4,569,496,050.77</u>

United States Government and other securities carried at \$1,020,672,767.50 are pledged to secure U. S. Government War Loan Deposits of \$848,123,236.90 and other public funds and trust deposits, and for other purposes as required or permitted by law.

*Member Federal Deposit Insurance Corporation*



**War headlines  
prove the value  
of good banking  
contacts in Iowa,  
center of U. S.  
food-production.**



#### DIRECTORS

PAUL BEER,  
Pres., Flynn Dalry Co.  
DR. O. J. FAY,  
Surgeon  
J. G. GAMBLE,  
Attorney  
J. W. HOWELL,  
Pres., Warfield-Pratt-Howell Co.  
F. W. HUBBELL,  
Pres., Equitable Life Ins. Co. of Iowa  
J. W. HUBBELL,  
Pres., F. M. Hubbell Son & Co., Inc.  
B. F. KAUFFMAN,  
President  
ERIK LINDHARDT,  
Pres., National By-Products, Inc.  
\*E. T. MEREDITH, JR.,  
(On duty with U. S. Navy)  
Vice Pres., Meredith Publishing Co.  
SHIRLEY PERCIVAL,  
Pres., Green Colonial Furnace Co.  
S. C. PIDGEON,  
Vice President  
RUSSELL REEL,  
Pres., Yellow Cab Co.  
R. R. ROLLINS,  
Vice President  
JOHN SHULER,  
Pres., Shuler Coal Co.  
Member Federal Deposit Insurance Corp.

#### JUST A MINUTE—Continued



Lieutenant Commander G. C. Ellick, left, awards a Navy "E" to Walter Kasten, second from right, president of the First Wisconsin National Bank. Holding the microphone is Bob Heiss, radio announcer. Right, Ensign Gillerlain, in charge of the "Fly for Navy" recruiting drive in Milwaukee

Throughout the drive the bank sponsored broadcasts three days a week from the Navy recruiting station in downtown Milwaukee, featuring interviews with naval aviation cadets and naval officers.

#### Those Currency Stamps

FROM A. N. GRAY, assistant treasurer of The Pennsylvania Company, Philadelphia, comes this letter:

"Professor Haensel's article on 'Stamp Currency,' in January BANKING is very interesting, but the naivete with which he advocates its use here is surprising, to say the least.

"Claiming that coins of plastics and glass are unhandy in comparison with paper currency stamps (although it is not clear why they should be any more unhandy than metal coin now in use), he proceeds to argue in favor of such currency merely on the strength of the fact that the Tsarist Government had instituted this measure during the first World War and had found it a success.

"Well, undoubtedly it was a success in more ways than one. Because such currency rapidly deteriorated in handling, often to a point of almost complete obliteration, and could not be redeemed, the Tsarist treasury enriched itself at the expense of the population on whom the use of such currency was inflicted, and who could only put up with the inconvenience, and bear the attendant financial loss in silence, since adverse criticism of any government policy, even in time of peace, was a capital crime.

"Professor Haensel states that the abolition of coin would inconvenience only the users of slot machines, turnstiles and telephone booths, but, I wonder, has he ever personally experienced the inconvenience of rummaging in his



In boom or depression  
... in Peace or War...  
always at the forefront  
of Banking Service in  
Baltimore since 1894

## MARYLAND TRUST COMPANY BALTIMORE

HEYWARD E. BOYCE, President

Member Federal Reserve System and  
Federal Deposit Insurance Corporation



## BANK OF NEW SOUTH WALES

ESTABLISHED 1817

126 years experience of all phases of development in Australasia enable this Bank to offer the most comprehensive service to traders, investors and travellers

Head Office : Sydney  
NEW SOUTH WALES

General Manager :  
SIR ALFRED C. DAVIDSON, K.B.E.

London Offices :  
29, Threadneedle Street, E.C. 3.  
47, Berkeley Square, W. 1.

Agency arrangements with Banks throughout the World

(Incorporated in New South Wales with Limited Liability.)



The Lincoln Memorial, Washington

pockets for postage stamps of appropriate denominations to pay for a newspaper or some other small purchase? And can you visualize the ease with which bank tellers could handle such currency when receiving deposits or cashing checks?

"The few stamps in the illustration accompanying Professor Haensel's article show little, if any, signs of wear. Obviously, they have not been in circulation long. Enclosed are a few specimens of such stamps in various stages of deterioration. I can testify that these were not rare exceptions, but were actually in circulation.

"It will be a sad day, indeed, when anything like these stamps will have to replace coin in this country."

Mr. GRAY sent us four stamps which are indeed, as he says, "in various stages of deterioration."

#### Ptt. Enterprise

YOU'LL FIND that gentleman this month on pages 30 and 31, where he's busy reading between the lines of industrial advertising to catch a glimpse of business' plans for post-war products and services. See what he discovers!

JOHN L. COOLEY

From the "island" of a U.S. aircraft carrier



PRESS ASSOCIATION, INC.

February 1943



## THE ROYAL BANK OF CANADA

*Head Office, Montreal*

MORRIS W. WILSON

*President and Managing Director*

G. H. DUGGAN

W. F. ANGUS

*Vice-Presidents*

A. E. DYMENT

S. G. DOBSON

*Vice-President and General Manager*

### *Condensed Annual Statement as on November 30, 1942*

#### ASSETS

Cash on Hand, in Banks and in Bank of Canada	\$261,884,475
Government, Provincial and Municipal Securities not exceeding market value.....	581,624,105
Other Bonds, Debentures and Stocks not exceeding market value .....	33,140,597
Call Loans .....	29,791,062
Commercial Loans .....	336,514,163
Bank Premises .....	13,640,589
Liabilities of Customers under Letters of Credit and other Assets .....	35,020,956
	<hr/>
	\$1,291,615,947

#### LIABILITIES

Capital, Reserve and Undivided Profits .....	\$58,843,062
Notes of the Bank in Circulation.....	18,271,281
Deposits .....	1,181,217,193
Letters of Credit and Other Liabilities .....	33,284,411
	<hr/>
	\$1,291,615,947

*Over 600 Branches in Canada and Newfoundland*

*65 Branches Abroad, including:*

LONDON, NEW YORK, HAVANA, BUENOS AIRES, RIO DE JANEIRO,  
SAO PAULO, MONTEVIDEO, LIMA, BOGOTA, CARACAS, BELIZE, NASSAU,  
also in PUERTO RICO, DOMINICAN REPUBLIC, HAITI, BARBADOS,  
DOMINICA, JAMAICA, ST. KITTS, TRINIDAD, MONTSERRAT, ANTIGUA,  
GRENADA, BRITISH GUIANA.

NEW YORK AGENCY  
*68 William Street*

NORMAN G. HART  
EDWARD C. HOLAHAN  
*Agents*

# THE NATIONAL PROSPECT

HERBERT BRATTER

Washington, D. C.

## Early bird

CONGRESSMAN WRIGHT PATMAN of Texas lost no time in reintroducing his bill for the issuance of non-interest-bearing bonds to the banks. In the *Congressional Record* of December 26, 1942, 11 days before the convening of the 78th Congress, Mr. Patman revealed that he had filed his bill with the clerk of the House, and stated his intention to insist on this change in the method of financing the war.

## How high is the sky?

SUBMISSION to Congress of a \$108,900,000,000 budget has caused many people to wonder how high future budgets will go. This reminds us of the old song which asks: How deep is the ocean, how high is the sky? In this case the answer seems to be that, barring price increases, the spending of the Government is limited only by the ability of the nation to produce for the Government the goods and services it wants to buy. So far as possible, the Government pays for the goods and services out of taxes and borrowings from current income. But there is nothing to prevent the Government from finding the dollars to spend, one way or another.

Where the danger lies is in the accumulation of billions of dollars in the possession of those who produced and sold to the Government said goods and services. The larger the share of the national product that goes to the Government, the smaller the share remaining to absorb the dollars in the people's possession. Under such conditions, if long prevailing, money tends to be less esteemed by the people than tangible goods and services. "When everything is made of gold, up goes the price of shoddy"—unless the OPA controls that, too.

## Victory Fund drive

THE NEXT big Treasury drive for funds will occur in April, the Secretary has announced. Early in January the American Bankers Association Committee on Treasury War Borrowing, headed by President W. L. Hemingway,

met with the Treasury to discuss and prepare for bank cooperation with the Government in the next drive. Attention is being given to the finer combing of smaller towns. The question of duplicate solicitation was also discussed. Concerted selling effort will be necessary for the duration of the war, even though Congress enacts heavier compulsory saving and pay-as-you-earn.



## Fill those stamp books

A CAMPAIGN APPEALING to Americans to complete the 1,000,000,000 outstanding War Savings Stamp albums, now only partially filled, and to convert them into War Bonds has been launched by the Treasury.

If completed and turned in, the 100,000,000 albums would represent almost \$2 billion in War Bonds.

## Washington's new demeanor

AT THE turn of the year there are always a number of year-end statements and prognostications by cabinet officers and other executives. This January 1 was no exception. In fact, the OWI very conveniently stapled 11 of such statements in a single mimeographed release. What is new in this capital is the evidence of a healthier respect for Congress on the part of the Executive branch. This was detected by some, even in the tone of the President's message to Congress. And the reason for it, of course, has been the reappearance of two-party government in the United States as a result of the last election.

To illustrate the revived prestige of Congress, reporters have grown accustomed to looking to the departments and agencies for news as to coming events. One reporter, attempting to learn what lies ahead in the way of national service legislation made inquiries at his usual sources in the War Manpower Commission. To his surprise, he was informed that Mr. McNutt was not expressing himself on this question, "which is up to Congress to decide."

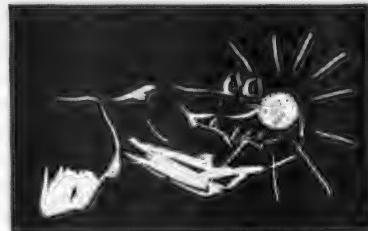
Another change in the atmosphere comes from the stage of Leon Henderson and his cigar. Prentiss Brown is a very different type of administrator, and it would be hard to imagine him riding a bike "no hands" for the photographers, with his secretary seated in the basket over the handle bars. The new Price Administrator will need both hands.

## One nuisance eliminated

THE TREASURY has eliminated the filing of ownership certificates, Form 1000, by citizens presenting interest coupons from obligations of the United States. About 4,000,000 such certificates have been filed annually in recent years, and the number would have increased heavily with the issuance of additional securities to finance the war.

The certificates are eliminated also in the case of citizens of the United States presenting interest coupons from bonds of domestic corporations, except in the case of bonds containing a tax-free covenant. About 4,500,000 certificates accompanying corporation bond coupons have been filed each year.

Banks, as well as the public, appreciate this decision.



## Shinplasters again?

THE POSSIBILITY of a silver half dime and fractional paper currency was suggested by witnesses before the House Coinage Committee last December during the hearings on the bill authorizing steel coins.

One of the witnesses showed the committee a "blackout nickel" minted in Canada. The coin has a luminous side so that it may be seen in the dark.

That proposal meets with many objections from those interested in slot machines, coin counting, and the like. (CONTINUED ON PAGE 12)



*Actual page size:  
6 1/4 x 9 1/8 inches*

- ✓ For Brush-Up
- ✓ For Reference
- ✓ For Practical Pointers

New 1943 ★ ★ ★

## CCH FEDERAL TAX COURSE

HERE is a practical ready reference and training course in federal taxation. Here is a plain-spoken explanation of the outstanding federal taxes as amended by the new 1942 federal revenue law — with emphasis throughout on federal income taxation. Actually every angle of federal taxation, including the new Victory tax, capital stock tax, excess profits tax, declared value excess-profits tax, gift tax, estate tax, and excise taxes, comes in for understandable explanation and discussion. Not a book, not a loose leaf Service, this is a Course especially designed to make it easy to become familiar with the "ins" and "outs" of the federal tax system — how it developed — what it is today.

*Each Tax, Each Taxpayer* — Individuals, Corporations, Partnerships, Estates and Trusts — whatever the tax, whoever the taxpayer, if it is federal taxation and belongs in the Course, it is covered here, specifically, definitely. Each type of taxpayer is analyzed. The nature of each tax is made clear. Over 500 illustrative examples and calculations enrich and enliven the explanatory comment, make plainer just how the federal tax laws are actually interpreted and applied. Current filled-in return forms, income and excess profits tax regulations and pertinent Code provisions are provided and a wealth of pointed questions and actual problems from actual tax practice all contribute to supply everything necessary or helpful for an everyday, working knowledge of federal taxation.

*Write for complete details*

**COMMERCE CLEARING HOUSE, INC.**  
PUBLISHERS OF LOOSE LEAF LAW REPORTING SERVICES

NEW YORK  
EMPIRE STATE BLDG.

CHICAGO  
214 N. MICHIGAN AVE.

WASHINGTON  
MUNSEY BLDG.

## NATIONAL PROSPECT—Cont.

as well as from the Treasury, which would have to print the notes. None the less, if the war is much prolonged and metal becomes scarcer, the return of the shinplaster is not impossible. This country has quite a stockpile of critical metals circulating as currency.

To prevent rust, the new steel cent will have a zinc coating, but experience with such German coins used during the last war reveals that the coating soon grows dull. The writer has some of those old German pieces with more than

a trace of rust. The zinc-steel cent will weigh 41.5 grains, as compared with the present cent's 48 grains, but will be the same size and have the same design. The new law also authorizes the striking of a 3-cent piece, but the Mint has no immediate plans for its issuance.

### Speaking of pennies

AT OWATONNA, Minnesota, a city of 9,000 population, an advertisement paid for by the two banks brought in 32,713 one-cent pieces and 5,316 nickels in a week, not including regular deposits. One individual turned in 14,700 coppers.



### Priorities for war housing

PRIVATELY-FINANCED conversion of houses and buildings to create additional accommodations for war workers and their families will be granted the same high priority ratings given publicly-financed conversion projects, the National Housing Agency has announced. Steps have been taken to clear up misunderstandings concerning the rents which can be charged for privately-converted units. Property owners will be permitted to take into consideration capital expenditures, and the OPA has agreed to give prior opinions on the rents to be charged before the conversion projects are started.

Privately-financed projects now will get an AA-4 rating, which now is the highest granted for housing construction of any type; AA-4 ratings are sufficient to obtain all buildings material from the stocks already allocated to housing. The only restrictions placed on private conversion projects is that they must be limited to critical areas programmed by the NHA and all accommodations produced must be rented to eligible war workers.

### Reserve bank earnings

PRELIMINARY 1942 figures show that the Federal Reserve banks' earnings were \$52,663,000, or \$11,283,000 more than in 1941. Net current expenses and other deductions were \$40,193,000, leaving net earnings for the year of \$12,470,000. In 1941 net earnings were \$9,137,000.

Distribution of 1942 net earnings was as follows: Dividends to member banks, \$8,669,000; payments to the Treasury, under provisions of Section 13b of the Federal Reserve Act relating to industrial advances, \$198,000; net additions to surplus accounts, \$3,603,000.

### Inventory control aids small stores

TO ASSURE a "fair distribution" of the limited quantities of consumers' goods available, the WPB has acted to limit the size of mercantile inventories of consumers' goods in the hands of large retailers, wholesalers, and stockholders.

(CONTINUED ON PAGE 14)

## TO BANKERS

### who want store properties to produce more revenue

Any store is a better store if it has a modern Pittco Store Front . . . whether it's a bank property or owned by one of your customers. A Pittco Front builds up sales volume, boosts business, and produces more revenue.

Write us today for our free, illustrated book . . . so you'll be armed with all the facts about Pittco-remodeling when building restrictions are lifted. Pittsburgh Plate Glass Company, 2218-0 Grant Building, Pittsburgh, Pennsylvania.

**PITTSBURGH PLATE GLASS COMPANY**

*"PITTSBURGH" stands for Quality Glass and Paint*

★ ★ ★ ★ ★

## GEARED TO WARTIME NEEDS

O.E.M. PHOTO

**FULTON CORRESPONDENT SERVICE**

**FULTON NATIONAL**  
*Atlanta Bank Georgia*

GENERAL INSURANCE CO.  
OF AMERICA  
FULTON NATIONAL BANK  
ATLANTA, GEORGIA

# NATIONAL BANK OF DETROIT

Complete Banking and Trust Service

*Statement of Condition December 31, 1942*

## RESOURCES

Cash on Hand and Due from Other Banks . . . . .	\$ 357,910,697.17
United States Government Obligations, direct or fully guaranteed . . . . .	511,106,477.70
Other Securities . . . . .	58,492,122.01
Stock in Federal Reserve Bank . . . . .	900,000.00
<b>Loans:</b>	
Loans and Discounts . . . . .	\$ 86,589,026.19
Real Estate Mortgages . . . . .	15,791,615.24
Overdrafts . . . . .	<u>29,154.49</u> 102,409,795.92
Branch Buildings and Leasehold Improvements . . . . .	1,088,046.17
Accrued Income Receivable—Net . . . . .	1,659,438.58
Prepaid Expense . . . . .	348,190.97
Customers' Liability Account of Acceptances and Letters of Credit . . . . .	<u>2,277,000.16</u>
<b>TOTAL RESOURCES</b> . . . . .	<u><u>\$1,036,191,768.68</u></u>

## LIABILITIES

<b>Deposits:</b>	
Commercial, Bank and Savings . . . . .	\$829,312,755.68
U. S. Government . . . . .	121,583,774.66
Treasurer, State of Michigan . . . . .	17,471,138.06
Other Public Deposits . . . . .	<u>25,775,756.89</u> \$ 994,143,425.29
<b>Capital Account:</b>	
Preferred Stock . . . . .	8,500,000.00
Common Stock . . . . .	10,000,000.00
Surplus . . . . .	11,500,000.00
Undivided Profits . . . . .	<u>6,414,925.28</u> 36,414,925.28
Reserve for Common Stock Dividend No. 17 payable February 1, 1943 . . . . .	500,000.00
Reserves . . . . .	2,856,417.95
Our Liability Account of Acceptances and Letters of Credit . . . . .	<u>2,277,000.16</u>
<b>TOTAL LIABILITIES</b> . . . . .	<u><u>\$1,036,191,768.68</u></u>

United States Government securities carried at \$167,827,002.69 in the foregoing statement are pledged to secure public and trust deposits and for other purposes required by law.

## DIRECTORS

HENRY E. BODMAN	JAMES S. HOLDEN	WALTER S. McLUCAS
ALBERT BRADLEY	JAMES INGLIS	R. PERRY SHORTS
CHARLES T. FISHER	WILLIAM S. KNUDSEN	GEORGE A. STABLES
CHARLES T. FISHER, JR.	ALVAN MACAULEY	R. R. WILLIAMS
JOHN B. FORD, JR.		C. E. WILSON

## TRUST DEPARTMENT

This bank acts as Trustee, Executor and Corporate Agent

← →  
*Member Federal Deposit Insurance Corporation*

**BUY U. S. WAR BONDS REGULARLY OUT OF INCOME**

## NATIONAL PROSPECT—Cont.

carrying branches of manufacturers. Order L-219 will have the effect of holding consumers' goods inventories of the larger concerns at about the same level, in relation to their sales, as they maintained prior to Pearl Harbor, and thus make larger quantities available for distribution through the smaller outlets. Merchants who have excessive inventories will be brought into line through restriction of their purchases.

Consumer goods covered by the order are defined as goods suitable for sale to individual ultimate consumers for personal or household use. Inventories of food and petroleum products are excluded from the order.

The order applies to every merchant who on or after November 30, 1942 had or has a total mercantile inventory of consumers' goods having a cost value of \$50,000 or more at the end of any quarter of his Federal income tax year, and who also during the 12 months preceding the end of the same quarter had net sales of consumers' goods of \$200,000 or more. Mercantile inventories include stocks held for sale in retail stores, wholesale establishments and stock-carrying branches of manufacturers.

### Treasury opposes instalment credit in reverse

TWO REASONS why the Treasury does not favor the sale of goods now for delivery after the war were given by Secretary Morgenthau in a recent press conference. He said:

"You buy a War Bond and you can cash it after 60 days, and then you can do what you want with it. Now, in Mr. Nugent's plan, he wants us to pay 6 per cent commission. We do not pay any commission. Why earmark these different bonds and waste a lot of manpower doing this thing the way he suggests?"

"The most important reason why I am against it is on account of the men in the armed forces. It would leave them entirely out of the picture. The people here that are earning big salaries in war plants get a lot of priorities on ice boxes and automobiles, and the men who are working for \$50 a month would be left out in the cold when they come back. If they wanted to get an automobile or an ice box, they just would not have a look-in. So if for no other reason, I would be against it."

Following Mr. Morgenthau's comment, Price Administrator Leon Henderson made public a statement endorsing instalment credit in reverse.



If you want a few hundred or a few thousand copies of a form letter, have your secretary type it directly on a Davidson offset plate, add signature with pen and ink, and in five minutes it's ready to run. Out they come—clean, sharp impressions from first to last.

Or maybe you want to run from type or electro-types. Or perhaps it's an advertising folder in colors—or an envelope job using rubber plates. That's all right. This one machine will handle them all—and only a Davidson can give you all this in one machine.

Here's the machine that is daily proving its worth in hundreds of industries, institutions, and U. S. Government departments. At home and abroad with our armed forces it's producing work of exceptional quality at remarkable savings.

Priorities, of course, govern all sales, yet it may not be as difficult to own a Davidson as you think.

**Get the Facts!** This booklet gives you the complete story about the Davidson—anticipates your questions and answers them fully. Write for your copy—today.

**DAVIDSON MANUFACTURING CORPORATION**

1026-60 WEST ADAMS STREET, CHICAGO

Agents in principal cities of U. S., Canada, Mexico



# Dav idson

OPA would give particular attention to those in the armed forces. "The military personnel would be given higher priority than civilians," Mr. Henderson said.

### Federal Reserve "greenbacks"

ISSUANCE OF approximately \$660,000,000 in old Federal Reserve bank notes has caused criticism that these notes are equivalent to greenbacks, since they are "Treasury currency" not specifically secured by any reserve. In Washington it is pointed out in defense that the issuance of these notes is in limited quantity only, and was undertaken at the request of the Board of Governors of the Federal Reserve System—a body quite cognizant of the dangers of greenback currency—solely as a wartime measure to save some \$300,000 of expense and 225,000-man hours of printing labor.

Anyway, the Federal Reserve bank notes look and smell like money, so the chances are that the public will use them.



### Silver to war releases other vital metals

AT THIS writing no one seems to know what will be done about the silver program. A handful of bills have been introduced, some calling for complete repeal of the silver purchase program and others aiming only at the drafting of the Treasury's silver hoard for war industries. The measure which seems to have the greatest backing within the Administration is that of Senator Theodore F. Green of Rhode Island, reintroduced in the same form as that last session approved by the Senate Banking and Currency Committee. The Green bill would make Treasury silver available to industry at the discretion of the WPB, and would permit the silver reserve against silver certificates outstanding to be held in the form of electrical and other industrial equipment.

Every ounce of the Treasury's silver stock could be used in war industry. Secretary Morgenthau stated last April: "Every ounce of silver we can use means one more ounce of copper to go into a cartridge."

In announcing the saving last October of some 800 tons of copper by the use of Treasury "free silver"—our total monetary stock of silver is about 113,000

# MANUFACTURERS TRUST COMPANY

*Condensed Statement of Condition as at close of business  
December 31, 1942*

### RESOURCES

Cash and Due from Banks . . . . .	\$370,862,493.14
U. S. Government Securities . . . . .	635,564,409.52
U. S. Government Insured	
F. H. A. Mortgages . . . . .	9,833,484.18
State and Municipal Bonds . . . . .	28,412,428.85
Stock of Federal Reserve Bank . . . . .	2,237,950.00
Other Securities . . . . .	36,832,564.52
Loans, Bills Purchased and Bankers' Acceptances . . . . .	300,378,843.43
Mortgages . . . . .	14,753,993.72
Banking Houses . . . . .	12,529,572.25
Other Real Estate Equities . . . . .	2,336,137.10
Customers' Liability for Acceptances	2,814,883.72
Accrued Interest and Other Resources	2,938,713.08
	<hr/>
	\$1,419,495,473.51

### LIABILITIES

Preferred Stock . . . . .	\$ 8,599,540.00
Common Stock . . . . .	32,998,440.00
Surplus and Undivided Profits	<hr/> 44,898,301.51
Reserves . . . . .	86,496,281.51
Common Stock Dividend (Payable January 2, 1943) . . . . .	6,311,490.51
Preferred Stock Dividend (Payable January 15, 1943) . . . . .	824,959.50
Outstanding Acceptances . . . . .	214,988.50
Liability as Endorser on Acceptances and Foreign Bills . . . . .	3,037,065.85
Deposits . . . . .	189,880.98
	<hr/> 1,322,420,806.66
	<hr/> <hr/> \$1,419,495,473.51

### DIRECTORS

EDWIN M. ALLEN <i>President, Mathieson Alkali Works, Inc.</i>	CHARLES FROEB <i>Chairman, Lincoln Savings Bank</i>	C. R. PALMER <i>President, Cluett, Peabody &amp; Co., Inc.</i>
EDWIN J. BEINECKE <i>Chairman, The Sperry &amp; Hutchinson Co.</i>	PAOLINO GERLI <i>President, E. Gerli &amp; Co., Inc.</i>	GEORGE J. PATTERSON <i>President, Scranton &amp; Lehigh Coal Co.</i>
EDGAR S. BLOOM <i>President, Atlantic, Gulf and West Indies Steamship Lines</i>	HARVEY D. GIBSON <i>President</i>	HAROLD C. RICHARD <i>Chairman, General Bronze Corporation</i>
LOU R. CRANDALL <i>President, George A. Fuller Company</i>	JOHN L. JOHNSTON <i>President, Lambert Company</i>	HAROLD V. SMITH <i>President, Home Insurance Co.</i>
CHARLES A. DANA <i>President, Spicer Manufacturing Corp.</i>	OSWALD L. JOHNSTON <i>Simpson Thacher &amp; Bartlett</i>	ERNEST STAUFFEN <i>Chairman, Trust Committee</i>
HORACE C. FLANIGAN <i>Vice-President</i>	CHARLES L. JONES <i>The Charles L. Jones Company</i>	GUY W. VAUGHAN <i>President, Curtiss-Wright Corporation</i>
JOHN M. FRANKLIN <i>New York City</i>	SAMUEL McROBERTS <i>New York City</i>	HENRY C. VON ELM <i>Vice-Chairman of the Board</i>
	JOHN P. MAGUIRE <i>President, John P. Maguire &amp; Co., Inc.</i>	ALBERT N. WILLIAMS <i>President, Western Union Telegraph Company</i>

Principal Office: 55 Broad Street, New York City

68 BANKING OFFICES IN GREATER NEW YORK

European Representative Office: 1, Cornhill, London, E. C. 3

*Member Federal Reserve System  
Member New York Clearing House Association  
Member Federal Deposit Insurance Corporation*

*Both Common and Preferred shares have a par value of \$20 each.  
The Preferred is convertible into and has a preference over the  
Common to the extent of \$50 per share and accrued dividends.*

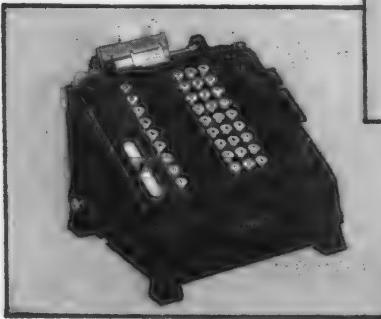


Every bank in the country is important in financing the most stupendous business the world has ever known—global war. And every man and woman, every machine in every bank is vital to the war effort.

Monroe machines are at work in banks all over the country; they are saving time and man power in their fast, accurate production of figures. Fortunately, these Monroe machines were sturdily built for years of service; and you must make them last for the duration. From now to Victory, the manufacturing resources of Monroe are turning out fighting munitions.

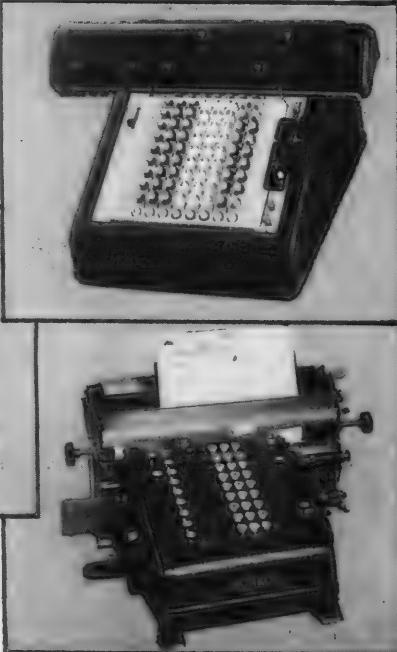
Through a nation wide system of Monroe-owned branches, Monroe offers you these two definite services to keep your machines at work: Guaranteed Mechanical Maintenance through regular inspections by trained mechanics who keep your Monroes operating efficiently; and expert analysis of your figure work and forms to give you the fullest use of your Monroe equipment.

Phone your nearest Monroe branch or write us for full details about Monroe wartime service. Monroe Calculating Machine Company, Inc., Orange, New Jersey.



## MONROE

**Machines for Calculating,  
Adding, Bookkeeping  
and Checkwriting**



tons—the WPB stated: "This saving represents enough copper to make 95,000,000 aircraft machine gun bullets, plus 600,000 anti-tank shells, plus 1,500,000 anti-aircraft shells."

Used in industry, the Treasury silver now tied up by the silver purchase laws could substitute for aluminum, antimony, bismuth, cadmium, copper, monel metal, nickel, stainless steel, tin, tungsten, etc. Silver is especially useful in electrical equipment, and in solders and brazing alloys.

### *Banker protests red tape*

In a letter to the Joint Congressional Economy Committee, C. F. Burton, president of the City Bank, Washington, protested that it would cost him \$300 to unravel the red tape necessary to obtain a small salary increase for two employees, the Washington *Evening Star* of December 24, 1942, reported. Quoting from that newspaper:

"The banker said the form furnished him by the War Labor Board contained several questions which might apply to machine shops, but certainly not to banks—such as an 'average straight-time hourly earnings.' Bank workers, he pointed out, are paid on a monthly basis.

"Not knowing exactly what to do, Mr. Burton added, he went to the local office of the NWLB, but could get no satisfactory interpretation and so he called in an attorney, who wrote him a voluminous opinion and suggested a mass of information which he should supply the board. He computed the \$300, he said, at the average lawyer's fees of \$10 an hour, and the banker considered this a conservative estimate.

"George H. Taylor, vice-chairman of the board, said that if Mr. Burton was having difficulty filling out this two-page form, Mr. Taylor would be glad to accept a simple one-page statement in the banker's own language setting forth the reasons for asking a raise for the two employees.

"It was admitted at NWLB that the form which would fit Mr. Burton's case was devised primarily for large industries, since they were the first affected by the stabilization program. A simplified form for employers like banks is being made up and should be ready within two weeks, it was added."

### *By any other name*

WHAT is a newspaper? WPB comes out with a definition. A newspaper is "any publication usually recognized as a newspaper in the newspaper industry."

## EDITORIAL

# THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

**T**HE OUTLOOK. Six billion dollars monthly being spent for war purposes is a powerful stimulant and gives a false glow to the whole business picture.

Supplies of all kinds for civilian buyers are increasingly hard to get, partly because of actual scarcity, partly because of faulty price control and often enough because deliveries are delayed in anticipation of higher prices.

With purchasing power backing up at a great rate we are in a very critical stage of the effort to keep prices steady.

Practically all of the home problems faced by business in the months immediately ahead stem in various ways from these circumstances.

• **WHAT HAS BEEN DONE.** The steps taken thus far to hold prices in check have been moderately effective and the public has been fairly cooperative. Certainly if prices had been allowed to follow their own inclination, governed only by supply and demand, they would have gone through the roof by this time.

A test of the whole price control operation lies ahead because it may be that the doctors have not yet reached the right spot.

• **WHAT CAN BE DONE.** Assuming that the fight on price inflation will stop at nothing that is necessary, it is possible to line up several things fairly sure to happen.

• **TAXES.** For example, taxes are bound to be increased so it will very probably be necessary to place the additional burden on those who are the chief beneficiaries of the Treasury's spending. From now on the only people able to pay higher taxes will be those whose incomes are higher as a result of the war.

One direct way to get at some of the money that is causing the trouble would be to base individual income taxes, to some extent, on the difference between what a person received before the war and now. It is this war-created increase that constitutes the chief inflationary pressure. Those receiving the same or smaller incomes, who are at the same time paying more taxes and higher living costs, are in no sense a problem.

• **TREASURY BONDS.** Another certainty is that the sale of Treasury issues, both War Savings Bonds and the regular Victory offerings, must be greatly expanded. Just as with taxes, it would be better if the selling effort were aimed more definitely at those areas and individuals who are on the receiving end so that the Treasury can get it back from those who got it.

Until the principle of retrieving the money is more frankly recognized and acted upon, we will continue to have a situation in which part of the population is bled

flat while the rest have more money than they know what to do with.

• **INDUCED SAVING.** Between taxes and bond purchases there is a direct relationship that will be recognized more and more as the Treasury's demands grow.

There are many different ways in which a person might be permitted a choice between purchasing a certain amount of bonds or saying good-bye to a smaller amount paid in taxes. This would put it squarely up to the individual to decide on the basis of his own needs.

• **CIVILIAN SUPPLIES.** A third certainty is that goods available for civilian supply will continue to dwindle. Every retailer in the country, including food stores, and every wholesale distributor too, is experiencing the same condition of having more buyers and less to sell.

This is a big factor in creating an upward pressure on prices and while it might be ignored as long as surplus supplies were available, that time is passing. Therefore, among the certainties that business can count on is more attention being paid to producing and distributing the supplies that the civilian population must have. Thus the matter of concentrating certain industries is high on the program this year and is going to stir up as many new problems as it solves.

• **CONTROLS.** One more sure thing is that all the present controls will become stricter.

The boundaries of rationing will spread as scarcities increase and as the rationing machinery becomes easier to handle.

The priority device in one form or another will be more and more necessary to keep first things first.

• **THE GREAT UNKNOWN.** However, the most important of all things bearing on the course of business is about as uncertain as anything could be.

How many large scale offensives such as the North African expedition will take place, and when?

Whenever one of these takes place the "pull" between the basic needs of the civilian producing force and those of the armed services and lend-lease becomes more severe. Thus while business can be certain that shortages and controls will increase, it is in the dark as to when the great pinches will occur.

Up to the present we have done no more than reach a point in production where we can hold our own. We could keep this up for years without much further sacrifice and without getting any closer to victory. There is still quite a bit of reluctance about facing frankly what it is going to take to win.



# War Metals On Their Way

**COPPER**—Deep under the "richest hill on earth" at Butte, this miner's drill starts copper on its way to the fighting fronts. From valuable ore such as this, eventually come hundreds of thousands of tons of Anaconda Copper Alloys (Brass and Bronze) and endless miles of electrical wires and cables to equip the complicated weapons of war . . . 3,000 pounds for a Flying Fortress, 1,000 tons for a battleship.



**MANGANESE**—This 270 ft. rotary kiln at Anaconda, Montana, largest oven of its kind, is helping to make America independent of foreign sources of manganese, so indispensable to steel making. Thanks to Anaconda engineers who developed a special process for treating low grade Montana ores, Anaconda is now this country's largest producer of manganese.

EVERY HOUR of the day Anaconda Copper Mining Company and its Associated Companies are stepping up production of copper, zinc, manganese and other war-strategic metals. Not of copper tube or brass piping for plumbing . . . not of copper sheet for gutters and flashings . . . not of bronze for hardware and screens, but metals in an ever mounting tide to meet our country's war needs.

That so many of their former fellow employees are serving in the armed forces—7,029 as of Nov. 30th—is a constant spur to all Anaconda men and women. The Army-Navy "E" pennant for excellence in production flies over ten plants. Every department in the United States is participating in the payroll deduction plan for the voluntary purchase of war bonds.

All told, 64,363 members of the Anaconda organization are working at mine and furnace, press and bench, laboratory and desk . . . as the tide of metals flows faster and faster for victory.

63300B



**ZINC**—When this zinc leaves Anaconda refineries . . . now setting all-time production records . . . it will be alloyed with copper to make brass for ammunition metal. In this shooting war, ammunition is by far the most important single use of zinc . . . for instance, fifty fighting planes shoot over 9 tons of brass in every minute of continuous combat.



**BRASS**—From such plants as those of The American Brass Company, largest copper and brass fabricator, stream millions of pounds of copper and copper alloys every day. The copper content of the brass required for ammunition alone is two-thirds of what the entire nation consumed for all purposes in 1929. Tremendous quantities are likewise vitally needed for ships, tanks, and planes.



**OTHER METALS**—Anaconda is producing great quantities of war precious metals such as arsenic, bismuth, cadmium, lead, molybdenum, palladium, platinum, selenium, silver and vanadium. In addition, Anaconda is managing for Government account huge new chromium and magnesium operations . . . all to make the United Nations stronger . . . to bring them closer to Victory.



**ANACONDA COPPER MINING COMPANY**

ANDES COPPER MINING COMPANY  
CHILE COPPER COMPANY  
GREENE CANANEKA COPPER COMPANY

THE AMERICAN BRASS COMPANY  
ANACONDA WIRE & CABLE COMPANY  
INTERNATIONAL SMELTING & REFINING COMPANY

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

FEBRUARY 1943

## The Banker-Farmer Food Team

CLAUDE R. WICKARD

**MR. WICKARD became Secretary of Agriculture in 1940 and in 1942 added the post of National Food Administrator to his portfolio.**

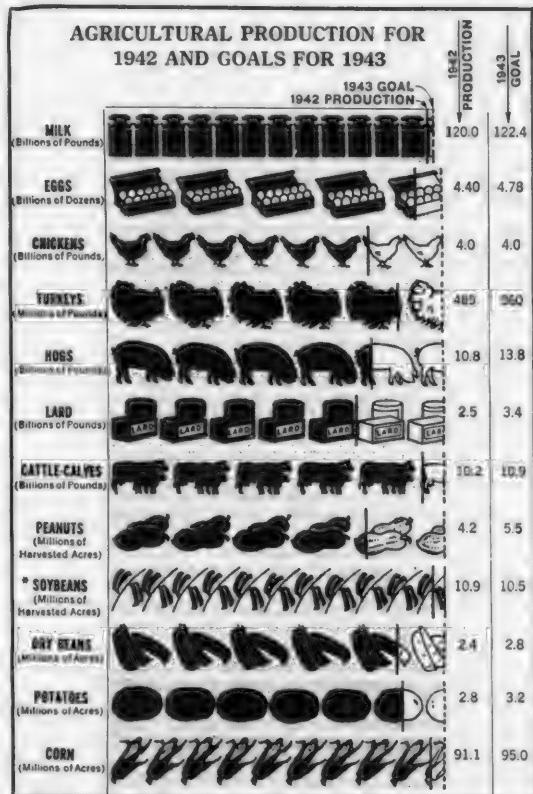
**A**MERICAN farmers are on the front line in the battle of food this year, but they cannot win the battle alone. American bankers are among the most important supporting forces in the campaign. Adequate credit is one of the essentials of the full farm production that we must achieve.

It is simply impossible to overestimate the size or the importance of the job which farmers face this year. With less of the physical resources such as manpower and materials, farmers are called on to produce even more than in the record-breaking year of 1942. The volume of necessary products that farmers turn out this year will have a lot to do with how soon we win the war and how well we write the peace.

Other weapons change with time, but food remains one of the most powerful of all the weapons for waging war, just as it remains one of the major instruments for shaping and maintaining a worthwhile peace. Well fed soldiers fight better; starving soldiers rarely win a battle. War workers behind the lines have to be well nourished to do their best.

It is going to take a lot of food to fight and win this war. A great proportion of that food is going to come from American farms. This is true even though the United Nations are pooling their food resources and every major food-producing country among the allies is contributing to the best of its ability. Our share is large because of our great resources for production and our relative nearness to North Africa and Britain and Russia, where such great quantities of extra food are needed.

Formerly, American farmers had one major task—producing food and fiber for the people of their own country. Now our farmers have three major tasks. First, they must continue to supply the civilians of this country, whose war jobs are giving them both a need for better diets and more money to spend for food. Second, they must supply food and clothing to our growing Army and Navy, both in this country and overseas. Australia and New Zealand are the principal American



\*1943 Goal under 1942 Production  
CHART PREPARED FROM DATA OBTAINED FROM THE U. S. DEPARTMENT OF AGRICULTURE

bases where our fighting men get most of their food from the country where they are stationed. The average American soldier eats about a quarter more than he did in civilian life. In addition, expeditionary forces must take large emergency supplies with them. Third, American farmers must help feed our fighting allies. At present these needs are greatest in Britain and Russia. Britain for many years has not raised enough food to support her population, and Russia has lost her richest farmland in her great battle against Hitler's armies.



Secretary Wickard

WIDE WORLD

This year about a quarter of all the food we produce will go to our armed forces or our allies.

In addition to the wartime needs for food there are war needs for many other farm products, such as long staple cotton, oils for industrial use, and so on.

All of those great requirements form the background for this year's farm program. That program calls for all-out production of the farm commodities needed in wartime. It calls for the most complete possible conversion of our agriculture to a war footing; that is, less emphasis on production that is not needed critically, and more emphasis on production we must have. The production goals for each commodity are based on the requirements of our armed forces, our civilian families and our allies. The program also provides for every possible type of government assistance to help farmers achieve the goals. We are working to help farmers keep or obtain enough manpower to get their job done. We have guaranteed price floors for the products for which

increases are asked. We are working to help farmers get needed materials and machinery and to help them build up their dairy and livestock numbers.

Credit is one of the most important instruments for bringing about greater conversion and maximum production. Many resources for increasing our output of vital war products still remain untapped through lack of available credit. We need all of the meat and milk and eggs and other war products that we can turn out.

Bankers have more opportunity for service in this line than ever before. In recent years country banks have been rendering a great service through their efficient cooperation in the commodity loan program.

Now banks have an additional opportunity to help farmers and strengthen the nation's war effort by expanding their work in the field of production loans. This year the bankers who examine all production loan applications in the light of the wartime need for essential farm products will be performing a great service to the nation. They will be helping to hasten victory by making food a stronger weapon in our hands.

One way in which bankers can be most helpful is through talking with farmers about how they might increase wartime production with the aid of credit. Another way is to keep in close touch with the Department of Agriculture's state and county war boards. These boards can furnish definite information on what farm products are needed most in each particular area. By working with war board members, banks will be better able to integrate their activities with the national program for food. Close relationship with the war boards also will give bankers the confidence that comes from making loans on products for which there is a wartime demand, and for which price floors have been guaranteed in the event of some unexpected development.

It is most encouraging to know that already the nation's bankers have organized a Food-for-Freedom Committee with a chairman in each Federal Reserve District and state, and representatives in each county. This organization, working with war boards and farmers can be of inestimable value in helping to win the 1943 battle of food production.

New York State farmers and bankers visit the pasture, inspect the cattle and talk over credit needs for increased production



# Word from the Food Front

C. C. NEUMANN

*MR. WICKARD speaks from Washington — MR. NEUMANN speaks from the shirt-sleeve end of the production line. The author is executive vice-president of the Farmers and Merchants National Bank, Oakland, Nebraska; is a member of the Burt County Bankers Association and the Agricultural Commission of the American Bankers Association, and is a former president of the Nebraska Bankers Association.*

CREDIT is an invisible but indispensable tool of industry and agriculture, and without credit the volume of production would decline and the farmer would be unable, in normal times, to meet the ordinary production needs of our civilian population.

Of the three principal agencies doing a direct short-term credit business with the farmer in the United States, the FDIC insured banks, as of January 1, 1942 held 73.5 per cent of the agricultural loans as against the other two agencies. If we eliminate from the tabulation one of these agencies, extending a supervised and more or less socialized form of credit, of a non-bankable type, banks would account for approximately 90 per cent of the farmers short-term credit business. By a non-bankable type of credit I mean the kind that would not pass the requirements of bank examining authorities. FDIC insured banks in Nebraska, on January 1, 1942, held 82.6 per cent of the agricultural loans against the other two agencies, and in Burt County, as of the same date, 94 per cent of the short-term agricultural loans of these three agencies were held by the banks.

In September 1941 when the 1942 agricultural pro-

Two United States Army Air Force scouts in the Aleutian Islands top off a meal with cherry pie. Packing cases containing corned beef and "vegetable hash" from the States surround them



PRESS ASSOCIATION

duction goals were announced, the farmer of the Middle West immediately made preparation to meet these goals and talked over his credit needs with his local banker. He repaired his machinery, bought new and improved type of equipment, more powerful tractors, held back more brood sows for spring litters, increased his livestock, bought more hybrid seed corn and in general for an increased production in 1942, and, as a result, much bank financing was done in 1941.

On January 1, 1942, the FDIC insured banks of the United States held almost a billion and one half dollars in agricultural loans, a gain of over 168 million dollars from the previous year, and in this gain, Nebraska banks led the nation, with an increase of more than 23 million dollars. Burt County banks increased their loans during this same period by more than \$400,000, and the majority of this increase represented loans to farmers for production purposes.

IN 1941 and 1942 our bank made more than 4,300 new loans. As of December 31, 1942, 96 per cent of all loans outstanding on our books were loans to farmers and largely for production purposes. In addition to financing tractors, corn-picking machines and other equipment to farm the land, loans were made for seed, feed and increased hog and poultry production. This extension of credit represented the financing of thousands of cattle in the feed lots of local farmers from the Fall of 1941 to the Spring of 1942. Cattle that were marketed from this community during the year 1942 made an average feed lot gain of about 350 pounds per head. If we take that figure as an average gain and multiply it by the number of head, we will find that by passing the range steer through the local feed lots of our farmers, in the 1942 season our farmers increased the beef supply by over four million pounds, or more than 2,000 tons.

This record of beef production would not have been possible, except for the banker-farmer team work and cooperation during the past two or three decades in the development of specialists in livestock feeding operations on a majority of the farms in our local trade area. When war came, these men, because of their years of practical experience, were able to step up their livestock operations in order to meet wartime production demands, and they knew that the credit was available at their local bank to carry on the operation.

We have enough credit outstanding on our books at this time and these men have cattle and hogs enough on their farms today to warrant the assumption that the meat production figures of 1942 will be exceeded in 1943 in this area — the shortage of farm labor and the confusion of ceiling prices being the limiting factors. It can be truly said that credit is vital and indispensable to farmers and without it the 1943 goals in the Food-for-Freedom program cannot be achieved.

# Ration Banking Coast-to-Coast



Rowland R. Hughes, chairman of the American Bankers Association Ration Banking Committee, addresses the New York Clearing House Association on the subject of rationing. Foreground, J. A. Kershaw, head, OPA Ration Banking Section

THE rationing of scarce commodities has become a wartime fact. Theoretical speculation regarding it disappeared with scarce commodities. By means of a sound rationing process the men who fight get first consideration; they receive the food and supplies necessary to maintain health and spirit. Too, they get the materials that will enable them to go into battle on equal terms with any foe.

Wartime rationing operates for the benefit of the civilian too. By means of it an equitable distribution of the remaining supply of commodities is provided.

February sees the entrance of America's commercial banks in the ration program. And by their participation they give assurance to our armed forces and the men, women and children at home that an efficient operating procedure essential to the smooth flow of rationed commodities has been placed in service.

An important agency of the Government, the Office of Price Administration, called upon the banks to perform this vital service when it became evident that the entire rationing process would be jeopardized and perhaps collapse unless new and effective means were devised to handle the accounting and clearing duties involved in the distribution of rationed commodities.

When banks took over these activities overburdened local war price and rationing boards were relieved from work which was not contemplated at the time of their organization. Despite the patriotic endeavor of the volunteer workers of these boards it was inevitable that they could not handle the complex accounting activities involved in the rationing process on a duration basis.

The introduction of ration banking on a nationwide basis was arranged to permit banks to obtain some operating experience with a limited number of accounts before the larger food programs built around the point system were inaugurated.

Certain dealers in rationed commodities designated by the Office of Price Administration are required to open ration bank accounts. These include wholesalers and other distributors of gasoline outside the retail

limit. In food products the list includes primary distributors, wholesalers, chain stores and retailers whose volume of food sales in December 1942 exceeded \$5,000.

By these classifications many small merchants are eliminated from the banking operation. Among them will be many who never maintained a dollar checking account in any bank and to whom the entire checking procedure would be a new experience. Although these merchants have the right to open an account for handling their ration paper, it is believed by observers of the test plan in the Albany-Troy-Schenectady area of New York that most of them will continue to pass their coupons and stamps to their dealers when ordering new supplies. Non-participation in the banking process will not affect their ability to obtain new goods.

Banks generally were surprised and pleased when they discovered how relatively few accounts they would have on their books, based on the yardsticks of the Office of Price Administration. Fears that they would be engulfed by a deluge of ration accounts were quickly removed when it became evident that the increase in operating detail for the average bank would be slight.

Merchants, too, to whom the plan has been explained, were delighted with the new arrangements. They saw in them relief from the inconvenience, delays and trouble heretofore involved in exchanging coupons and stamps received from retailers for certificates of larger value. At its outset this new banking service gave every evidence of building public goodwill for America's banks.

While the number of accounts and volume of business will be comparatively small at the start of the plan the addition of other rationing programs, particularly when the point system goes into operation, will add to the volume of activity. It is believed, however, that this will not prove unduly burdensome unless the rationing process is carried to an unforeseen extreme.

The manual of instructions, prepared by the Office of Price Administration in collaboration with the Ration Banking Committee of the American Bankers Association and representatives of the supervisory agencies, explains the operating requirements in terms readily understandable. Where the limits of the manual did not permit full discussion of rules and methods, the points were amplified and clarified in a "Question and Answer" folder prepared by the A.B.A. committee. These two publications, supplemented by frequent bulletins to secretaries of state bankers associations and secretaries of clearinghouse groups, gave the banks of the country timely and important information regarding this new service to the Government.

The nationwide program of ration banking, a term created by the Office of Price Administration and made a part of its official order, was based largely on the experiment conducted in the Albany-Troy-Schenectady area of New York during November and December 1942. The plan as introduced in the trial area was an Office of Price Administration project. It was created and the operating procedure written by that agency.

The original plan did not contain many provisions or expressions familiar to experienced bank operating officers. Had the first program been imposed upon the banks, there would have been serious confusion and the operating difficulties encountered burdensome and complex. It was at this point that the American Bankers Association was invited by Leon Henderson, head of the Office of Price Administration, to appoint a working committee to assist in the development of a practical plan that could be used effectively on a nationwide basis.

This committee, a nationally representative group headed by Rowland R. Hughes, comptroller of The National City Bank of New York, New York City, and its subcommittees entered the study of the experimental plan earnestly and completely. A subcommittee lived in the trial area for six weeks observing the progress of the trial. Its observations and reports are reflected in the final "Manual of Operating Procedure."

In this joint enterprise of creating a national plan that could be used effectively by every bank in every part of the country, the committees of the American Bankers Association enjoyed the fullest cooperation and support from representatives of the Office of Price Administration, members of supervisory agencies, and every banker in the trial area who patriotically made available the facilities of his bank for the purpose of the experiment. It was generally accepted by all that if ration banking was a necessary war effort the plan must be sound and practical and economical from the point of view of manpower and machine use.

When the American Bankers Association was invited by Mr. Henderson to assist in the development of a national plan, it was with the understanding that the banks of the country would not be called upon to exercise "police" functions that should be discharged by the Office of Price Administration. It was agreed also that the banks, already voluntarily performing at great cost free services in the interest of other governmental agencies, should be reimbursed for handling ration accounts. This was mentioned by the Office of Price Administration early in its discussion of a ration banking plan.

When the experiment in the trial area had developed sufficient experience the Office of Price Administration

hired the firm of Driscoll, Millet & Company, bank analysts, to undertake a survey of costs. The reimbursement schedule adopted for the national program was based largely on this company's report.

It was understood that this schedule could be reconsidered by either the banks or the Office of Price Administration on the basis of experience after a period of approximately five or six months.

Bank insistence that they be not placed in the position of performing "police" duties for the Office of Price Administration is revealed in several provisions of the operating manual. For example, and perhaps a startling innovation to orthodox operating men, is the provision that overdrafts be honored. This is designed to relieve the banks of a responsibility which properly belongs to the OPA. Those who deliberately make use of overdrafts, however, are to be reported by the banks to the agency, which has powerful laws and regulations at its command sufficiently severe to discourage immediately any loose or fraudulent practices.

In the inauguration of the national program, the American Bankers Association publicly stressed three points. These should be kept in mind and repeated locally by every banker. They are:

1. Ration banking in no way affects the bank account of any individual, any merchant, or any corporation. It is solely an accounting and clearing system whereby the banks as agencies of the Office of Price Administration handle stamps, coupons and certificates of merchants dealing in rationed commodities in order that the best interests of the public be served.
2. Banks do not issue ration coupon books. This is a responsibility of the local war price and rationing boards.
3. Banks have nothing whatever to do with determining what commodities are to be rationed and in what quantity. This, too, is an OPA duty.

The keynote to bank participation in this basic project was sounded by President W. L. Hemingway in his letter to the banks of the country when he said: "Your cooperation in this undertaking is earnestly invited. Your participation in this program will emphasize the important part chartered banking plays in the economic life of America and will be another substantial contribution to our nation's war effort."

Another view of the New York Clearing House Association meeting—one of an informal series held throughout the country last month to study the ration banking manual and formulate a uniform procedure for local operations



WEINAN & LESTER

# Victory Money

## Treasury Spending Monthly

<i>Currently</i> — \$6 billions for war . . . . .	a half billion for other purposes
<i>End of '41</i> — \$2 billions for war . . . . .	a half billion for other purposes
<i>End of '43</i> — \$8 billions for war . . . . .	a half billion for other purposes

## Fiscal Yearly Total Spending

<i>Ending June 30, '43</i> — \$74 billions for war . . . . .	\$6½ billions for other purposes
<i>Ending June 30, '44</i> — \$97 billions for war . . . . .	\$7 billions for other purposes

## Sources of Funds

*Year ending June 30*  
1943                    1944

Taxes and revenues . . . . .	\$23 billions	\$33 billions
Government trust funds . . . . .	3 "	4 "
Borrowing from public . . . . .	58 "	70 "
Individuals—savings bonds and marketable issues . . . . .	14 "	16 "
Institutional investors . . . . .	4 "	4 "
Federal Reserve banks . . . . .	4 "	4 "
Commercial banks . . . . .	36 "	46 "

## Gross Public Debt

<i>Dec. 31, 1941</i> . . . . .	\$57.9 billions
<i>Dec. 31, 1942</i> . . . . .	108.2 billions
<i>June 30, 1943</i> . . . . .	134.8 billions
<i>June 30, 1944</i> . . . . .	210.5 billions

## Possible Banking System Balance Sheet As of June 30, '44. (billions)

<i>Resources</i>	<i>Liabilities</i>
Cash and reserves	\$20
Government securities, direct and guaranteed	112
Other investments	8
War loans	8
Other loans	12
	—
	\$160
	\$160

All Projected Figures Based on Best Available Estimates.

# *Behind the Figures*

WILLIAM A. IRWIN

DR. IRWIN, *educational director, American Institute of Banking*, says the figures on page 24 will neither "scare Americans" nor "subdue the American Spirit."

**F**IGURES! Figures!! FIGURES!!! Columns and columns of figures; cold, forbidding, and incomprehensible things to many people. They are bad enough when they are set up in thousands, hundreds of thousands, or even in millions, but when they go into billions, tens of billions, or a hundred billions and more, their astronomical character makes them appalling.

Mathematicians and statisticians may take pride in their ability to tread their way through such mazes of digits and whatnots; they may even gloat, if they wish, over their capacity to calculate percentages, ratios, correlatives and what have you; but the ordinary human is apt to say: "Brother, you're welcome to them. To me, they're just a big headache," and let it go at that.

Yet behind such stacks of figures as are shown on the opposite page there are to be found matters of tremendous importance to all of us, and they sometimes hide stories of self-forgetting human effort.

Take this single matter of financing the war, for example. All that the figures actually can show is the gross amount of the funds raised. They tell nothing at all about the hours and the efforts spent by bankers and others all over America in the patient calculation of how many bonds they could buy. They do not tell of the swift growth of bank deposits, coming from the wages of war workers and from other sources, which made huge War Bond subscriptions possible.

They do not carry even a hint about the work of thousands of bank men and women all over the country who used their own tires and gasoline, and spent their own time and energies to induce people to buy War Savings Bonds and Stamps so that the war effort of America might go on. Nor yet do they intimate that, in many a bank, customers have been encouraged to withdraw funds for the purchase of War Bonds even when this involved a loss of earning power to the bank.

**T**HEN take a glance at the figures on the public debt. In any other country such an exhibit would be not only fantastic but quite impossible. It is only the accumulated wealth and the potential productive power of America that make it possible here. And at that, it is fantastic enough for most of us.

Indeed, to conservative people (and that naturally includes bankers) it is a matter that is usually looked on with foreboding. Yet when we go behind

the bald figures in those columns and do a little bit of calm thinking, there is one very significant thing we must bear in mind. America can carry that load. Time was when many people did not believe it possible, but a little reflection and a simple bit of calculation will show that it is so.

**J**UST suppose that we reach the end of the war with a public debt of \$300 billion. The service on that debt at  $2\frac{1}{4}$  per cent would be \$6,750,000,000 a year. Yet we can spread the payment of the whole debt over a period of 40 or 50 years, retire five or six billions of it each year, allow even an extravagant administration another \$10 billions for the other expenses of government, and still be spending much less than we are spending now. So from that point of view the figures are not too bad, even if we don't like them.

And there's still another thing behind the war debt figures that we might as well be keeping in mind. The saving of America is worth something. Just what is it worth? The preservation of freedom is worth something. How much? There's a real value on keeping ourselves from under the heels of Hitler, Mussolini, and Hirohito. What is that value? Those three questions lie behind the debt figures in the mind of any thinking man. What are the answers in terms of dollars?

And, of course, the figures on taxes stare us in the face from that opposite page too. They are somewhat shocking, aren't they? Well, they represent the price we are currently paying mainly for the privilege of rubbing the noses of the dictators into the mud. They are likely to be heavier still. But what a smile of satisfaction would come over the faces of those same dictators if we should prove to be unwilling to pay that price! Wouldn't they just beam! And wouldn't they feel at long last that victory was almost in their grasp?

**S**URE, there are lots of things behind the figures. These are but a very few of them. But even if the figures are appalling, even if their size is incomprehensible, they are not going to scare Americans, nor are they going to subdue the American spirit. Floods, earthquakes, cyclones, deep depressions in business, and other types of disaster have only served to make us roll up our sleeves to repair their ravages, to build better, and to go on to new achievements.

This war, with all that it involves, is only another challenge to us. We will show the world that the American people are not the "softies" that Hitler called them. We shall prove that the spirit of America still lives!

# Victory Money

## Treasury Spending Monthly

<i>Currently</i> —\$6 billions for war . . . . .	a half billion for other purposes
<i>End of '41</i> —\$2 billions for war . . . . .	a half billion for other purposes
<i>End of '43</i> —\$8 billions for war . . . . .	a half billion for other purposes

## Fiscal Yearly Total Spending

<i>Ending June 30, '43</i> —\$74 billions for war . . . . .	\$6½ billions for other purposes
<i>Ending June 30, '44</i> —\$97 billions for war . . . . .	\$7 billions for other purposes

## Sources of Funds

*Year ending June 30*  
1943                    1944

Taxes and revenues . . . . .	\$23 billions	\$33 billions
Government trust funds . . . . .	3 "	4 "
Borrowing from public . . . . .	58 "	70 "
Individuals—savings bonds and marketable issues . . . . .	14 "	16 "
Institutional investors . . . . .	4 "	4 "
Federal Reserve banks . . . . .	4 "	4 "
Commercial banks . . . . .	36 "	46 "

## Gross Public Debt

Dec. 31, 1941 . . . . .	\$57.9 billions
Dec. 31, 1942 . . . . .	108.2 billions
June 30, 1943 . . . . .	134.8 billions
June 30, 1944 . . . . .	210.5 billions

## Possible Banking System Balance Sheet As of June 30, '44. (billions)

<i>Resources</i>	<i>Liabilities</i>
Cash and reserves \$20	Deposits \$152
Government securities, direct and guaranteed . . . . .	Capital 8
Other investments 8	War loans 8
War loans . . . . .	Other loans 12
	—
	\$160
	\$160

All Projected Figures Based on Best Available Estimates.

# *Behind the Figures*

WILLIAM A. IRWIN

DR. IRWIN, educational director, American Institute of Banking, says the figures on page 24 will neither "scare Americans" nor "subdue the American Spirit."

**F**IGURES! Figures!! FIGURES!!! Columns and columns of figures; cold, forbidding, and incomprehensible things to many people. They are bad enough when they are set up in thousands, hundreds of thousands, or even in millions, but when they go into billions, tens of billions, or a hundred billions and more, their astronomical character makes them appalling.

Mathematicians and statisticians may take pride in their ability to tread their way through such mazes of digits and whatnots; they may even gloat, if they wish, over their capacity to calculate percentages, ratios, correlatives and what have you; but the ordinary human is apt to say: "Brother, you're welcome to them. To me, they're just a big headache," and let it go at that.

Yet behind such stacks of figures as are shown on the opposite page there are to be found matters of tremendous importance to all of us, and they sometimes hide stories of self-forgetting human effort.

Take this single matter of financing the war, for example. All that the figures actually can show is the gross amount of the funds raised. They tell nothing at all about the hours and the efforts spent by bankers and others all over America in the patient calculation of how many bonds they could buy. They do not tell of the swift growth of bank deposits, coming from the wages of war workers and from other sources, which made huge War Bond subscriptions possible.

They do not carry even a hint about the work of thousands of bank men and women all over the country who used their own tires and gasoline, and spent their own time and energies to induce people to buy War Savings Bonds and Stamps so that the war effort of America might go on. Nor yet do they intimate that, in many a bank, customers have been encouraged to withdraw funds for the purchase of War Bonds even when this involved a loss of earning power to the bank.

**T**HEN take a glance at the figures on the public debt. In any other country such an exhibit would be not only fantastic but quite impossible. It is only the accumulated wealth and the potential productive power of America that make it possible here. And at that, it is fantastic enough for most of us.

Indeed, to conservative people (and that naturally includes bankers) it is a matter that is usually looked on with foreboding. Yet when we go behind

the bald figures in those columns and do a little bit of calm thinking, there is one very significant thing we must bear in mind. America can carry that load. Time was when many people did not believe it possible, but a little reflection and a simple bit of calculation will show that it is so.

**J**UST suppose that we reach the end of the war with a public debt of \$300 billion. The service on that debt at  $2\frac{1}{4}$  per cent would be \$6,750,000,000 a year. Yet we can spread the payment of the whole debt over a period of 40 or 50 years, retire five or six billions of it each year, allow even an extravagant administration another \$10 billions for the other expenses of government, and still be spending much less than we are spending now. So from that point of view the figures are not too bad, even if we don't like them.

And there's still another thing behind the war debt figures that we might as well be keeping in mind. The saving of America is worth something. Just what is it worth? The preservation of freedom is worth something. How much? There's a real value on keeping ourselves from under the heels of Hitler, Mussolini, and Hirohito. What is that value? Those three questions lie behind the debt figures in the mind of any thinking man. What are the answers in terms of dollars?

And, of course, the figures on taxes stare us in the face from that opposite page too. They are somewhat shocking, aren't they? Well, they represent the price we are currently paying mainly for the privilege of rubbing the noses of the dictators into the mud. They are likely to be heavier still. But what a smile of satisfaction would come over the faces of those same dictators if we should prove to be unwilling to pay that price! Wouldn't they just beam! And wouldn't they feel at long last that victory was almost in their grasp?

**S**URE, there are lots of things behind the figures. These are but a very few of them. But even if the figures are appalling, even if their size is incomprehensible, they are not going to scare Americans, nor are they going to subdue the American spirit. Floods, earthquakes, cyclones, deep depressions in business, and other types of disaster have only served to make us roll up our sleeves to repair their ravages, to build better, and to go on to new achievements.

This war, with all that it involves, is only another challenge to us. We will show the world that the American people are not the "softies" that Hitler called them. We shall prove that the spirit of America still lives!

# Miss Banker

DOROTHY RAGAN

*Miss RAGAN, formerly an advertising copy writer, is one of the thousands of women who have gone into banking during the past year. In this article she writes what she calls "the impressions of a beginner." Her bank is the Security-First of Los Angeles.*

A YEAR ago I was meeting daily deadlines with retail luxury advertising copy. Six months ago I was meeting the feminine public in person as hostess in an exclusive fashion world. Now, in our emergency and in our down-to-earth Design for Victory, my public relations continue, but directly! I am a teller, meeting people and their money face-to-face. And it's twice as exciting!

From this vantage point, a metropolitan branch bank situated in a world-famous hotel, I see modern banking as a business with vision and imagination and plenty of future for young women, 1942 model.

The daily, hourly tempo varies with a quick succession of contacts with human beings and is rewarded with a new insight into their human goodness and their frailties. Amount-consciousness fluctuates with each transaction, from dimes in a piggy bank to thousands of dollars in one more War Bond. There's a story in every check. There's character in every signature. There's travel and adventure, implied or expressed, in every distant city and state whose checks we handle.

FROM my position across a modern, semi-circular counter, I see banking as a model enterprise in the very heart of the business world. With a bank interior as advanced and functional a setting as any movie director ever visualized, we girls are filling some of the many thousands of posts left by the boys now in the armed service. Except for the officers, ours is an all-girl branch, one of the first experiments of its kind in America. Ours is a trust as vital and essential as the riveter's job in the defense plant. All my old-fashioned ideas of banking have been streamlined; all my faith in progressive business has been renewed.

Fundamentals which might well have been learned at an earlier date are opening to me now through specialized training in an essential industry—a profession that has constantly changed to meet the needs and growth of our country and likewise to speed its progress. The accuracy, the detail, the precise operation of a bank which one day seemed stuffy routine to a rank outsider are unfolding now as a satisfying orderliness . . . a great and vigilant care.

No boredom, no dragging minutes in this career; but pulsating, fleeting days of money and machines, days filled with choice little episodes from daily life. Service is ours to offer the community and its individual members of society whom we call by name and value as customers. Their accounts are ours for safe and accurate keeping.

As modern career charts so frequently point the way to attributes and disadvantages of specific fields, consider, girls, a world of figures and of form! Banking is a natural for the ladies. Associates are traditionally fine, intelligent, congenial people. (And, not *all* the attractive men have gone to war yet.) Hours are the best, with Saturday afternoons for shopping and for volunteer work, and some holidays for "time to live." Remunerations and compensations are all part of the plan of working in a bank. No waiting for the right mood and moment to quake and ask the boss for a raise. Banks welcome your services and are proud of a good job well done. Promotions and increase in salaries come automatically with a good working record.



You'll be fingerprinted and photographed and asked for worthy references. When you are in, the bank will know all about you. Then, you'll want to learn all you can about the bank—the bank that believes in you—the bank that is going to train you for a proud new profession now preparing to include more and more women workers.

THERE'S dignity and respect for bank employees. You can wear those smart, conservative clothes always in perfect taste for business. And you will just naturally want to look and stay well-groomed. One employee, as in a majority of business houses, may personify the entire organization to the customer and to the public. And it may be you! A telephone personality, a perfect letter, an accurate bookkeeper, a friendly custodian of the safe deposit vault or an alert teller may make the complete impression for a long-established institution. Point of contact is ours to sell service, confidence and integrity—to maintain and keep on building an already proven reputation. All in all, customers are human beings of a very interesting sort, very like ourselves, and often surprisingly patient and understanding.

There's a vernacular all its own to learn in banking, very legal and impressive. And a lot of small talk, too, that is easily acquired by the very young ladies of the

bank's "finishing school." You'll soon know that a "batch" is *not* cookies, but just the day's work. And that when someone gains attention with a gleeful, "I found two cents" or "I found a hundred dollars" . . . she's not greedy . . . just correcting mistakes in the day's work. To err is human, you know. And what Divine forgiveness must be credited to our country's banking institutions as they attempt to train the feminine mind, now multiplied by the thousands. I'll put my faith in a bank's technique, in its methods of proof and protection. For, be she blonde or brunette, be she ever so humble or with beauty unmarred by brains, there's no training like bank training. And every "Tillie The Teller" is learning fast.

One of the first things to learn is how to "throw" the checks. There's a special rack to receive each letter in the alphabet. So you better brush up on your ABC's if you want to speed the daily clearings and sortings and filings which fill part of every day for the trainee.

**O**PPORTUNITIES for a future are unlimited for the ambitious "bankerette" through the American Institute of Banking with chapters in every large city. A stimulating perspective on the subject is offered by this largest educational institution in the world with 70,000 members and valuable courses of business study presented by experts. Top-flight executives and beginner, alike, go to banking school and never stop learning.

There's meaning to the "ones" and "twos" and "tens"; to the "befores" and "afters" and the "go backs"—you'll find out. Everything is numbered. Everything has a place. And every printed "form" has a purpose. It's all so logical. And there comes a definite satisfaction in dealing with the old truth that two and two make four . . . and nothing else! In fact, the thrill that comes of creative genius can scarcely match the new teller's elation that is duly hers when she experiences the simple art of balancing her cash shortly after 3 o'clock each busy day.



Congeniality and pleasantries behind scenes are blended with the day's duties before and after banking hours. There are friendliness and smiles for every customer. Variety sets the speed. Warnings inject adventure. Precautions set up over years of experience and true stories of hold-ups, counterfeit money, and short change artists necessarily quicken the pace and flash reminders to be on guard. Situations may develop which will require your own alert thinking and right decisions.

Less exciting, perhaps, but always a point in favor of any job is the personal satisfaction to be derived. There's



such a lot of it in helping customers with their accounts, particularly the elderly persons and those unused to the formalities of business and of banking. Young people and those thrust suddenly into the care of business details sincerely seek advice. Patience, tact and genuine interest in others are yours to give.

At times of illness and grief, budgets and incomes, limited and unlimited, require even more attention by an interested member of the family. Frequently it is their bank to which they turn. It may be the teller, the bookkeeper, or an officer who is ready with the right answers. Think how many times you have found a friend in your own banker. Life is always a little less complicated when money matters are kept in running order. What's worse for morale than a monthly bank statement that sends your own pet figures floundering?

It's a costly nuisance, too, for a check to be returned because of, maybe, "insufficient funds." But you know who it is that protects your established account and your unintentional errors. And who it is that sends all over the face of the earth to collect the miscellany of checks.

Little daily dramas pattern a realistic cross-section of life and go spinning endless stories through a teller's head. Reasons for deposits and withdrawals (sad ones and glad ones) are often revealed (and necessarily held in strictest confidence by you) during the brief, friendly conversations that animate each transaction. A good teller instinctively likes people, and, if she has any knack for news, she glimpses every walk of life through a gardener's pay check, an artist's commission, a widow's pension. A scented check from a jeweled hand may represent dividends from industry, while a smudgy, crumpled check is but another's honest income—a different wage. A rising musician buys a home, a schoolboy banks his savings, another 10 per cent hurries in, eager to purchase his one more War Bond. All are spotlighted in a close-up of the day's work. But the teller mustn't tell.

**A**ND so, it's fun to be a new cog in an old wheel of business, a new spoke in the wheel of service. Banking is a challenge, an opportunity! Career girls may very well be called upon to help in the framing of a new order; a new economic structure which is inevitable, come war's end. Besides, banking is the best training in the world for managing a home or business of our own. We've already learned the value of a dollar by working for it. Now, let's keep on learning more of the fundamentals, plus a new sense of values. Let's carry on glamorously until the boys come home. Uncle Sam has our fingerprints as a promise. We'll do our feminine best to keep the heart beats in the heart of business!

# From the Cradle to the Grave

PAUL F. CADMAN

DR. CADMAN is the economist of the American Bankers Association.

HERE is immeasurable hope in the present quest for planned security. It is perfectly natural that social security should be the darling of the crowd. There is deep and patent sincerity among those who now offer it as the hope of mankind. Nevertheless, there is a growing awareness that it cannot be legislated or imposed by decree or seized by violence. There is also a disposition to discount the spectacular promises concerning it. Security is something to be achieved. It is not, and never has been, something with which men are endowed. The unanimous support of the Congress and the signature of the President would not assure its delivery.

The Beveridge Report was perfectly timed insofar as the United States was concerned. The war had at last invaded every American home. Its ruthless demands had begun to be felt. The process of sorting the facts from the propaganda incident to war had focused attention upon a fundamental inquiry; namely, "What are we fighting for?"

England had long been on a fortress economy. All that her people had was pooled for the common interest in defense and survival. But her plight had not checked the progress of the social revolution, the driving force of which was the demand for security in peace as well as in war.

## Nature of Security

THE FACT that an American edition of the Beveridge Report, reproduced photographically from the English original, bid fair to become an American best seller, should make it clear that a large number of American citizens hold the belief that security is a basic right which should be guaranteed by the state. There is hardly any other way to explain the sale of the document. Certainly not many will read its 300,000 words or analyze its copious statistics. Obviously its portent as a symbol surmounts its painstaking and voluminous content. It has the virtue of proving everybody's case. The social planners have called it a new Bill of Rights and the defenders of free enterprise have found in it strong confirmation of their faith. This much is certain: It has again centered attention on the concept of social security. There are only a few plays in this game of social progress but there are many who would like to carry the ball. Lord Beveridge made a spectacular play which brought a great cheer from the crowd. In the opening session of the 78th Congress the President of the United States called the signal for a still more spectacular play in which he promised security from the cradle to the grave.

## The Cost

THE PUBLISHED reports of the Social Security Board are enlightening. In terms of social security taxes the system now takes in more than it pays out, but every dollar of the excess is employed by the Federal Government for current operations. A graph of receipts and expenditures recently published by the Board shows that in the mid-1950's the system will pay out more than it receives and will therefore be dependent on the annual appropriations of Congress. Within a decade thereafter these annual grants will run into billions of dollars.

Such realistic surveys have lent considerable impetus to post-war planning. Planning and security go hand in hand. They are part and parcel of the same type of thinking. The present trend in social planning calls out a somewhat grudging recognition that security must be paid for; that no government can borrow its bounties indefinitely; and that in the short phase of the long run, the security that is distributed in unemployment, old age and all similar benefits, must come from some other source than the printing press.

A decade of social experimentation ending in the greatest conflict of all time has brought a wave of sober reflection that cannot be characterized as reaction. There is no significant disposition to abandon social gains of either the factual or the theoretical type. The language of redistribution is as popular as ever; the further limitation upon income and privilege through taxation still enjoys sufficient popular assent to gain congressional support. The critical attitude which accounts for the election of a Congress which will exercise its proper functions is not easy to analyze. Perhaps it is a symptom of social indigestion. The plans have been many; most of them have failed to reconcile essential interests within the body politic, and all of them have enjoyed an unjustified publicity. There is at least a possibility that the subject of post-war planning could be talked to death. The activity has become a sort of indoor sport for which neither skill nor training is required.

## Inherent Compulsion

THE PLANNERS in authority might well reread the last chapter in the Book of Ecclesiastes in its entirety. For the "keepers of the house have begun to tremble," "the doors are shut," "the windows are darkened," and men are beginning to be "afraid of that which is high." This classic dissertation on vanity ends with the admonition: "Of making many books that there is no end," but God shall judge every work, "whether it be good or whether it be evil." The planners are upon us like the locusts and there is grave danger that in the end they will devour not only our initiative but our independence. The close tie between planning and the quest for security has not prevented a sincere

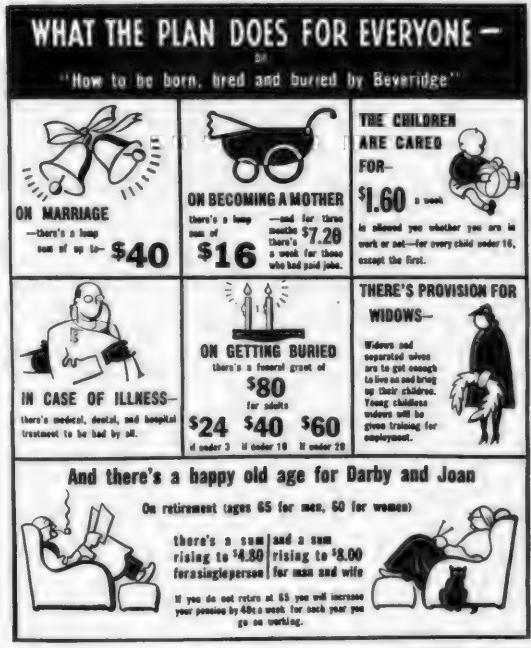
and searching inquiry as to whether or not planning and guaranteed security are compatible with freedom. Inherent in social and economic planning are the words "must" and "must not." Plans for the production and distribution of wealth on a national and international scale must be implemented and obeyed in order to be operative. The more thoroughgoing the plan becomes, the less exercise of choice and judgment is left to the individual. Planned security too often rests upon the assumption that the majority of men will like it and that all dissenters are public enemies.

### *War-born Planning*

Cit financing, unlimited spending, regimented production and consumption, and centralized direction of manpower can all be practiced in the grand manner. These wartime essentials will supply an inexhaustible volume of theoretical conclusions which may be employed as yardsticks with which to measure the peacetime programs. In war the costs which are basic to solvent production can be virtually ignored. Industry, trade, and commerce can be regimented and restricted with justifiable severity. Budgets are voted without even a cursory review or analysis. Appropriations in the tens of billions are made without regard to the availability of the funds so pledged. Governments must finance wars—there are no alternatives. But war production and war financing can furnish few if any valid criteria for post-war progress.

It is eminently fitting that we should now be planning

This chart, with pounds translated into dollars, appeared in the *London Daily Mirror* as a popular explanation of the Beveridge social security plan



INTERNATIONAL NEWS

for recovery and reconstruction, but there are some basic considerations which cannot be ignored. This fact may account for the shift of public opinion from the Utopian and fanciful schemes for a New World Order. There is a tendency to question the doctrines that rest on unproven assumptions. The promises of new rights and new freedoms are being weighed against experience and tested in the light of the known patterns of human behavior. The debunking action which was so ruthlessly applied to romanticism, laissez-faire, and capitalism, is now being turned on neo-liberalism in order to determine just how much freedom it contains. Liberalism has been sold down the river a good many times and too often by the very elements which should have been its chief support. The latest exhibition of perfidy comes from those who would promise more security and freedom as a bounty available only from an all-powerful state to be distributed by the wise and the good in public office.

### *Ancient Fallacy*

SECURITY is a golden word. Man can easily be led to believe that it is his basic need, but his hope of enjoying this value is eternally tied to his personal sense of responsibility. There are men who ardently desire to achieve security for themselves. There are others who are willing to accept it in part or completely as a bounty. There are many who have been prevented from enjoying it to any appreciable degree by the selfishness and ambition of others. Out of the confusion which is always generated by extravagant promises, an ancient fallacy is reborn; namely, that men's efforts are in no way related to their rights. On this assumption, formulas for world peace are constructed which too often fail to state that inequality is frequently related to effort and goodwill.

In fact, there is an unfortunate confusion between equalitarianism and security which must inevitably lead to disillusionment. A case in point is the sordid demonstration of human selfishness so generously exploited by the promoters of pension plans: Townsendism, Ham-and-Eggs, 30-Thursday; the spectacle of the packed meetings where weary and broken souls handed over their savings to their unscrupulous exploiters; applauded the false promises to the echo; jeered and booed any and all who tried to expose the obvious fallacies in the reasoning; and finally went out to demand goods on credit against the anticipated bounties and to blacklist the merchants who properly refused to make the advances. Distributive economics have generally ignored or belittled the skills and the sacrifices of the few who are called upon to subsidize the indifference and extravagance of the many.

### *True Liberalism*

THE TRUE liberal wants to see planning succeed. He recognizes man's quest for security as a deep-seated and compelling desire, but when he hears lofty pronouncements from those in high authority concerning man's fate and his destiny, he has the right to expect that the promises of a brave new world shall rest upon considerations which give them validity.

(CONTINUED ON PAGE 32)

## Industry Also Plans

## THE AD-VENTURES OF PVT. ENTERPRISE



Rubber—guayule rubber—growing, one might say, in America's own back yard will be harvested in 1944. This new \$130,000,000 industry supplements our synthetic supply. Later the peacetime crop will put a better, cheaper tire back on your car

This thimble holds a thousand gears  
...that may change the map of Europe



A thousand gears in a thimble isn't a Tom Thumb business either. For the time being Pvt. Enterprise is keeping the process a "military secret." When industry is again free to use the new alloys, hundreds of new products will appear



## **Stealing a March on Time**

**5. In which quadrants does the disease spread? How does it spread?**  
Ans: The disease spreads through the following quadrants:  
1. North America, Europe, Australia, Japan.  
2. Africa, South America, India, China, Thailand, Indonesia, Philippines, Malaysia, Singapore, Sri Lanka, and so on.  
3. Insects (mosquitoes, flies, fleas, ticks, etc.)  
4. Direct contact among humans.  
5. Through food and water.  
6. Through blood transfusion.

# **BRIDGEPORT BRASS**

Brass mills in miniature, duplicating the conditions of large scale casting, is a war-born technique that steals a march on time. Pvt. Enterprise will convert these furnaces for a fine future service to brass-using industries.



## A Harness for 1500 Horses

The logo for American Cyanamid Company, featuring a stylized globe icon above the company name.

Whoa! That's 42,900,000 foot-pounds of work per minute harnessed with Melmac plastic. And, these same 1,300 horses are rarin' to go back on the job flying bigger and better passenger airliners around the globe.



# From the Cradle to the Grave

(CONTINUED FROM PAGE 29)

To be acceptable to a free people, planned security must:

(1) *Recognize the will to work and to save.* To enjoy security, men must be willing to cooperate in the production and distribution of wealth and must be ready to save a portion of that which they receive.

(2) *Reward each according to his capacity and effort.* Security does not and cannot imply equality in any absolute or mathematical sense. Men's talents differ; their abilities to accept the disciplines which make for excellence differ; courage, daring, persistence, the capacity for work and sacrifice are qualities which exist in almost infinite variety. To hold out the hope that all men can enjoy identical advantages in a standard of living is to invite disillusionment and bitterness.

(3) *Preserve some of the hazards.* There must be a forthright recognition that insurance against all of the hazards of life would weaken initiative and responsibility. It would be an immeasurable tragedy for mankind if state insurance were supplied on a bounty basis against all of the uncertainties, the contingencies, and the unknowns of living.

(4) *Foster individual initiative and independence.* Every program for security which is worthy of the name will call for substantial contributions from the beneficiaries unless they be physically incapable or mentally incompetent. True security can be achieved only by active, continuing participation in the productive efforts which are its true source.

(5) *Have regard for experience.* Every plan which has been formulated without the benefit of practical and experienced men should be heavily discounted. This is no criticism of the theorists, but rather a common sense recognition that the men who have successfully borne responsibility and who have succeeded in producing and conserving wealth are worthy of full participation in every attempt to design and implement plans for social welfare.

(6) *Respect solvency.* Any program of security which minimizes, belittles, or ignores financial solvency is certain to fail. There has never been an inexhaustible government treasury. It will not be possible to borrow the way to security. All statements to the effect that men

and materials are the only essentials should be held in high suspicion. The persistent and organized effort to discount the importance of money, credit, and all of the legitimate devices of finance are an invitation to insolvency, bankruptcy, and defeat. If men work in the modern world without a valid currency and worthy credit, they will do so only under the arbitrary compulsion and direction of the super-state.

(7) *Maintain balance of power.* Where the program for security envisages centralized and extensive administrative authorities or looks to the removal of, or critical limitations on, the balance of power between the legislative, executive, and judicial functions, it should be recognized as an invitation to arbitrary government.

(8) *Shun bureaucracy.* Any plan which concentrates power or authority in the hands of one or a few individuals is suspect. Any plan which permits or fosters the establishment, maintenance, or extension of bureaucracy is an enemy of security.

(9) *Encourage domestic unity.* Every plan which deliberately provokes class conflict and fosters dissension between the able and the less able can safely be classified as an enemy of security. Any plan that encourages idleness, improvidence, indifference, or dependence, is spurious.

(10) *Assure untrammeled education.* Every plan that proposes to bring public education under the direction of a centralized authority or under the subsidy of a centralized source of bounty, should be subject to a thoroughgoing analysis. Any plan which seeks to do away with private education or private endowments for the furtherance of art, science, letters, and all similar benefits, should have searching and critical review.

## Good and Bad Planning

PLANNING for social security is here. It has come to stay. It can be an instrument or a method of great benefit to mankind as a whole, or it can be a device to destroy men's liberties. In a limited sense, security and progress are incompatible ideas. The hazards and uncertainties in the field of discovery, invention, and production, have created the opportunities. They have supplied the drive behind the march of our material civilization. The infinite variety in the minds of men, the competition between their skills and abilities, the variation in their talents and purposes, are as much the law of life in social progress as is variation in biological evolution. Many plans, perhaps most, suffer from the rigidity which excludes variety and from the conformity which eliminates or minimizes diversity of opinion and approach.

Planning by its very nature is a restrictive device and can therefore be applied only by men with the true liberal spirit who are willing to give their fellowmen the maximum of personal freedom which is compatible with social safety. It is time for the experienced, the practical, the provident, and the farsighted to take their place among the ranks of the planners if true liberalism is to prevail.

## What Freedom Involves

*Freedom is a costly thing. It involves the right to make mistakes, the right to be wrong, the right to create and the right to conserve, the right to enjoy and the right to share. But most of all, it involves the right to be free from the tyranny of government; the right to a maximum of independence and personal responsibility without which security is impossible and social welfare is an idle dream.*



# BANKING NEWS

## New Members of A.B.A. Official Family Named

### Wartime Trust Service Theme Of Conference

#### New York Meeting Is February 9-11

The program for the wartime conference on trust problems, to be held in New York, Feb. 9-11, under auspices of the A.B.A. Trust Division, provides five sessions devoted chiefly to problems created or magnified in importance by the war.

Methods of serving people better under difficult war conditions, and the larger problem of preserving values in a time of world disorder, will be the conference theme.

#### Headley Opens Conference

The opening address at the first session will be given by Division President Louis S. Headley who is vice-president of the First Trust Company, St. Louis.

The second session will feature a talk by Gilbert T. Stephenson, director of trust research, The Graduate School of Banking, American Bankers Association, and a panel discussion on wartime personnel problems under the direction of William Powers, director of customer and personnel relations, American Bankers Association.

The third session will include talks on new business programs for trust institutions, trust research activities, and a special war feature by men in the armed forces. The fourth will be devoted exclusively to investment problems and will include a trust-economic panel under the direction of Dr. Paul

#### Hemingway Calls at White House

W. L. Hemingway, president of the A.B.A., paid a visit to President Roosevelt at the White House on Jan. 5. Mr. Hemingway was in Washington for a meeting of the special A.B.A. committee on government finance.

F. Cadman, economist, American Bankers Association.

The fifth session will feature an address by Mayo Shattuck, Boston attorney well known in trust circles, and a tax panel under the direction of Charles H. Mylander, vice-president and trust officer, Huntington National Bank, Columbus, O.

The concluding session will be a luncheon on Feb. 11, tendered to visiting delegates through the courtesy of the New York Clearing House Association. All sessions will be at The Waldorf-Astoria in New York.

The dual theme of the sessions is "Winning the War" and "Problems of Trusteeship in Wartime."

The program provides for 10 addresses on vital phases of trust business by trust men.

### Other Appointees Are Announced

President Hemingway's appointments to the councils, commissions and committees of the Association were published recently in the official list of the A.B.A. family.

The names were announced too late for inclusion in this issue of BANKING.

### Hemingway Appoints to Council and Administrative Committee

#### Spring Meeting Is Called for Apr. 9-14 in New York City

The Spring meeting of the Administrative Committee and Executive Council of the American Bankers Association will be held at the Waldorf-Astoria Hotel, in New York, on April 9-14.

The importance of the meeting is emphasized by the innumerable ways in which the banks are assisting the Government and industry in war production.

Special consideration will be given to ration banking, the sale of War Bonds and other Treasury financing, loans to war production industries, and the financing of the 1943 Food-for-Freedom production program.

#### Dates of Meetings

The Administrative Committee will meet on the 9th, 10th and 11th of April; the executive committees of the committees, commissions and councils of the Association will meet on the 11th and 12th and the Council will meet on the 12th, 13th and 14th.

Leading bankers from all sections of the United States, representing all types of banks and trust institutions, hold membership on the various A.B.A. committees and councils.

The last meeting of the Executive Council was held in New York last Fall, at the time originally set for the Association's annual convention.

Appointment of 12 members to the Executive Council of the American Bankers Association, and four members to the Association's Administrative Committee has been announced by President W. L. Hemingway.

The Executive Council consists of bankers elected by A.B.A. members in the 48 states and the District of Columbia, the officers of the Association, the three immediate past presidents, the presidents and vice-presidents of the Association's divisions and sections, chairmen of its commissions, and 12 members at large appointed by the president.

Mr. Hemingway's appointees are:

H. Donald Campbell, president, The Chase National Bank, New York;

Zay B. Curtis, vice-president, Guaranty Trust Company, New York;

Robert V. Fleming, president, The Riggs National Bank, Washington, D. C.;

J. H. Frost, president, Frost National Bank, San Antonio;

H. Hiter Harris, president, First and Merchants National Bank, Richmond, Va.;

Herbert D. Ivey, president, Citizens National Trust and Savings Bank, Los Angeles;

Harold Kountze, president, Colorado National Bank, Denver;

William F. Kurtz, president, The Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia;

J. F. McRae, president, Merchants National Bank, Mobile, Ala.;

James H. Penick, president.  
*(Continued on page 54)*

# State Secretaries Hold War Problem Conferences



Eastern States Conference standing, left to right, Messrs. Albright, Armstrong, Lum, Coate, Hemingway, Menagh, Rees, Bowman, Wilson, Flanders, Muench, Batchelder, Quinn, McGinn, Fernald, Mayer. Seated, Weleb, Additon, Marshall, McDougall.

## Eastern States Group Organizes

State banker association conferences have been held recently in several sections of the country, attended by the presidents, vice-presidents and secretaries of the various associations.

Ration coupon banking and other wartime problems were discussed at each of the meetings.

Secretaries of the state bankers associations in the 11 northeastern states and District of Columbia formed an organization, the Eastern Secretaries Conference, at a meeting of the officers of these associations, held in New York last month.

W. Linn Hemingway, president of the American Bankers Association, was present at the Chicago, Salt Lake City and New York conferences. Vice-president A. L. M. Wiggins also attended three. Fred Bowman, president of the State Secretaries Section, A.B.A., and William T. Wilson, Section secretary, attended all four.

Here is a list of the officers elected. Each is secretary of the association mentioned.

### Southern States Conference (Atlanta)

President, Edward A. Wayne, North Carolina; vice-president, Roland L. Adams, Alabama; secretary, R. Irby Didier, Louisiana.

### Central States Conference (Chicago)

President, Robert E. Wait, Arkansas; first vice-president, William Hughes, Nebraska; second vice-president, Frank Warner, Iowa; secretary-treasurer, Eugene P. Gum, Oklahoma.

### Western States Conference (Salt Lake City)

President, James C. Scarboro, Colorado; vice-president, Andrew Miller, Washington; secretary-treasurer, E. N. Holgate, Arizona.

### Eastern States Conference (New York)

President, Harold J. Marshall, New York; vice-president, G. Harold Welch, Connecticut; secretary-treasurer, Gilbert G. Moyer, Delaware.

## Analysis of Service Men's Relief Act Issued by A.B.A.

An analysis of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, has been published in booklet form by the Consumer Credit Department of the American Bankers Association.

Prepared by the office of the Association's general counsel for the guidance of the country's banks, the analysis is by subjects rather than numerical order of sections.

A foreword points out that the act "has a direct bearing on bank policy and procedure in making loans to individuals of

draft age and their dependents" and that "its provisions may affect the bank's right to obtain repayment of loans that have already been made or may be made in the future."

## Paton's Digest, Vol. 3

Richard W. Hill, secretary of the A.B.A., announces that the third volume of "Paton's Digest"—a compilation of legal opinions affecting banks and trust institutions prepared by the Association's General Counsel and his staff—will be ready for distribution late this year. Volumes 1 and 2 of the Digest are already available.

## Model Statute on Accounts Receivable

In response to the demand from several states, the American Bankers Association's Committee on State Legislation, headed by Carl K. Withers, president, Lincoln National Bank of Newark, New Jersey, has drafted a model statute to protect banks making loans secured by assignment of accounts receivable.

The present law in several states is regarded as unsatisfactory; in some it is clear that an effective assignment as to third persons cannot be made without notification to the debtor. In other states, the necessity of such notification is uncertain.

The Committee has cooperated with the representative of the National Association of Credit Men in preparing a draft of legislation based upon the Ohio law passed in 1941, which provides for the filing of a general statement that a particular dealer is contemplating borrowing on his accounts receivable from a lender designated.

The notice does not specify what accounts are to be assigned or the names of the persons owing the accounts.

Copies of the draft have been prepared for the use of the bankers associations in the several states.

## National Bank Laws Manual Is Highly Praised

### Orders Increase for A.B.A. Book

"I wish to commend to the highest the monumental task represented in the new 'Manual of Laws Relating to Loans and Investments by National Banks' recently issued by your division," wrote Carl K. Withers, president, Lincoln National Bank of Newark, N. J., to S. A. Phillips, president of the A.B.A. National Bank Division.

"To my mind," Mr. Withers continued, "this is one of the finest pieces of work that has come out of the Division or Association in a long time."

From John J. Rupp, cashier, The Windom (Minn.) National Bank, came this appraisal:

"In pursuing this (the Manual) we find that it is about the best work that has come before us on the subject. We are sure it will be of wonderful help to us and we desire to sincerely thank you for having been favored with a copy. The committee is to be congratulated on the splendid service it has rendered."

The material included in the manual is divided into five major categories — loans, investments, acceptances, agency transactions, and regulatory enforcements of statutory provisions and was intended, primarily, for loaning and investment officers, although its usefulness encompasses a much broader area.

Edgar E. Mountjoy, deputy manager in charge of the National Bank Division, reports that orders for the manual are increasing. Many banks are purchasing from two to 50 copies for their staffs.

### Pages 51-54

More news items about banking are to be found on pages 51, 52, 53 and 54 of this issue.

## They're from Missouri, But You Don't Need to Show Them How to Get New A.B.A. Memberships



J. M. Minton



L. D. Kelly

### A.I.B. Council Meets

Wartime personnel problems of banks were among the principal considerations of the annual mid-winter meeting of the Executive Council, American Institute of Banking, Jan. 18-19 in Peoria, Ill.

Discussions of current problems and future activities of the Institute, which have been influenced to a large degree by the war, constituted the agenda of the meeting. Particular emphasis was placed on the unprecedented turnover in bank personnel caused by the war. At least one-third of the 290,000 bank staff members throughout the country are new and relatively untrained workers.

#### Council Membership

Members of the Council are: President, David E. Simms, Salt Lake City Branch, Federal Reserve Bank of San Francisco; vice-president, David L. Colby, Boatmen's National Bank, St. Louis; immediate past president, George T. Newell, Manufacturers Trust Company, New York City;

Also P. A. Doyle, Central Bank, Oakland, California; C. Edgar Johnson, The First National Bank of Chicago; William C. Pitner, American Trust & Banking Company, Chattanooga; William C. Way, Central National Bank of Cleveland; Pierre N. Hauser, First Wisconsin National Bank, Milwaukee; Victor H. Lloyd, The Charleston (W. Va.) National

Bank; George E. Powell, Traders Gate City National Bank, Kansas City, Mo.; David T. Scott, The First National Bank of Boston; George J. Greenwood, Jr., The Bank of California National Association, Portland, Ore.; Herman W. Kilman, Federal Reserve Bank of Dallas; Walton L. Sanderson, Hamilton National Bank, Washington, D. C.; Everett C. Stevenson, The First National Bank, Bound Brook, N. J.

Dr. William A. Irwin, A.I.B. national educational director, Floyd W. Larson, national secretary, and Robert D. Hammer, assistant to the secretary, all of New York, also attended the meeting.

W. Linn Hemingway, president of the American Bankers Association, and president of the Mercantile-Commerce Bank and Trust Company, St. Louis, and Dr. Harold Stonier, A.B.A. executive manager of the American Bankers Association, New York, were likewise present.

### Tax Note Talks Ready for Bankers

William T. Wilson, director of the Public Education Committee of the A.B.A., reports that four two- to five-minute radio and platform talks for the use of bankers on Series A and C Tax Anticipation Notes are in preparation.

These talks are being pre-

pared at the request of the Treasury Department and have been approved by the War Savings Staff.

Leo D. Kelly, vice-president of the Mercantile-Commerce Bank and Trust Company, St. Louis, is a man of many letters—A.B.A. membership letters.

And Missouri is a state of many new Association memberships, a fact that is closely related to the letters.

Not only does Mr. Kelly, as A.B.A. State Vice-president, solicit memberships by mail, but he has written to every Missouri banker who might be expected to help in the campaign to bring in the non-members.

Also, as soon as a bank joins the A.B.A., Vice-president Kelly writes to its officers and enlists their assistance in getting one or two other institutions in the same county as members.

#### Mr. Kelly's Associates

Of course Mr. Kelly has able associates. R. L. Dominick, vice-president of the Traders Gate City National Bank, Kansas City, Mo., who is the A.B.A. membership committeeman in charge of Missouri and three adjoining states, is second to no one as a membership getter. John M. Minton, vice-president of the National Stock Yards Bank, East St. Louis, Ill., has also been a big producer recently.

In the last three months Missouri has added 37 new members to the A.B.A. roster. Fifteen of them were obtained in December, a month that saw a total of 40 added for the entire country.

pared at the request of the Treasury Department and have been approved by the War Savings Staff.

#### Talks Listed

The titles are: "Be Ready for Your Income Tax"; "Pay Your Taxes at a Discount"; "Tax Savings Notes Can Save the Day"; and "A Message to the Taxpayer." The talks emphasize the fact that the notes are distributed through local banks.



# Hemingway Sketches U. S. Role As Helper of Post-War World

*[W. L. HEMINGWAY, president of the American Bankers Association and of the Mercantile-Commerce Bank and Trust Company, St. Louis, recently spoke on "Our National Debt" before the Chamber of Commerce of the State of New York in New York City. In addition to discussing war finances, he also outlined "that other national debt—our debt to the Old World." Here, in part, is his address.*

THE war must and will be financed. It can be done in one of three ways—first by printing paper money, Uncle Sam's demand I.O.U.'s. Fortunately this generation has seen the evils of that route and will have none of it. The second is by borrowing from the Federal Reserve banks directly, but that is but little removed from the paper money way because the Reserve banks would issue the money against the Government's notes or give credit on their books to the Government, which would pay it out for war purposes. It would then flow into the commercial banks increasing their legal reserves, thus inviting further inflation. So we come to the third and least objectionable way, and that is by borrowing from the public and the banks.

Both the Treasury and the banks want to see the banks buy as small a part of the succeeding issues as possible, because both understand that when the banks buy the bonds new bank credit or money is created and remains in circulation until their bonds are paid or taken by the public—an inflationary act to be avoided as much as possible. The banks should be only underwriters and distributors and not permanent investors.

TO help attain that end the American Bankers Association has pledged its full support to our Government, and is using all of its facilities to help the War Savings and Victory Fund committees distribute the bonds as widely as possible. Fourteen thousand banks compose the membership of this Association and they have been credited with selling 85 per cent of the war savings bonds and a large part of the other government issues.

The results of the last campaign are most encouraging, but the proportion taken by banks is still too large, and it is hoped that the sales efforts in the next drive will result in a larger distribution outside of the banks. They should be regarded as the last reserve to be used only to the extent that may be necessary . . .

In view of the favorable turn the war seems to have taken it is not unreasonable to expect that the peak of

the Government's borrowing may be reached by July 1, 1945. If that guess is approximately correct, then the total will probably be about \$250 billions—a sum certainly large enough to impose very heavy burdens upon us, but yet within manageable proportions. It should be remembered in considering this problem of government debt that we have a vast country with varied and abundant natural resources, that we have a large population of industrious, enterprising people, and that we have built up an industrial and transportation system that are the envy of the world. We are a young and vigorous nation. Fortune has smiled upon us and Destiny has given us a position of leadership in the world.

So we must see that our resources are wisely used and that we administer our affairs as prudent men should. What do prudent men do when they find themselves faced with a heavy debt? For one thing they cut down their expenses, and that is what Uncle Sam has got to do. I think you will all agree with me that we want every dollar provided that may be necessary for the successful conduct of the war but we insist that waste in all departments of the government be eliminated now. The reports of committees of Congress, such as those headed by Senator Truman and Senator Byrd, indicate what can be done in that direction, and the November elections give confirmation to the determination of the people that extravagance in government must stop. A government like a business must ultimately balance its budget if it is to remain solvent, and a government heavily in debt cannot afford the luxury of innumerable bureaus whose intentions may be good but whose existence is by no means necessary. Before our debt reached today's proportions those adventures into the field of human happiness may have been justified, but I can think of no one thing that will bring as much unhappiness to so many of our people as the collapse of the government credit.

The time has come for us to reassert those principles which were for so long the guiding light of our nation, namely that our people should support the Government and that the Government should not support the people. Our slogan should be "Billions for defense but not one dollar for boondoggling." By following such a course and by proper application of our energies and talents to our material resources a tremendous volume of trade

can be produced, and from its profits taxes can be secured to service our large debt, provided we have the wisdom and the courage to discharge another national debt about which I now wish to speak.

In my opinion there is only one event that will bring about the embarrassment of our Government, and that is a return to the condition of depression of the Thirties. If that should come to pass, then indeed there will be darkness over the land. I know that some now predict that dire happening, but I do not agree with them. I believe that the greatest opportunity that ever faced a nation lies before us, if we will but grasp it. But we cannot take it unless we discharge that other obligation—that other national debt—our debt to the Old World.

If we are to do our duty as a great world power we must be willing to give up isolationism, to think in world terms. Our boys are fighting on all the continents and the seven seas. Must their blood be spilt in a mere adventure? Surely not. They are dying to preserve civilization, and when the victory has been won on the battlefields their work must be carried on into the peaceful pursuits of life.

You and I and every other American are either immigrants or their descendants. We came to this country because of our desire for its opportunities and its freedom, but we brought with us much of the learning and culture of the Old World. We pride ourselves on the fact that the blood of many races courses through our veins, but sometimes we forget what we owe to those old countries. Our language, our laws and our customs were brought to these shores, in fact the foundation stones of the structure of liberty and freedom that we love so much were built by the sacrifice and blood of past generations of men in Europe. Shall we now in their dark hour turn away from them? It cannot be. I am not speaking only of the response to their immediate needs. The generosity of the American people is too well known to doubt that we will give help . . .

But after the bombed and tortured victims of the tyrants' power have been fed and clothed much will be needed before they can take up normal life again. And it is of that need that I am thinking when I say that we must discharge that national debt, if the integrity of the bonds we hold is to be preserved. To sketch in the details of the picture more fully, let us suppose that the United Nations are victorious, that an international police force of some kind has been set up to keep the peace of the world until law and order can be restored, and that the hungry have been fed and the ragged clothed. Then what is the next step? Where do we go from there? Either we have a business depression followed by general disorder all over the world, or we use our brains and devise a way for a better and more prosperous world.

We must help the nations of the world to restore the trade of the world. We cannot be prosperous in a world either spiritually or financially bankrupt. The events of the last few years have proven that. Therefore, if we are to have prosperity in this country we must see that the wheels of industry are started up all over the world. I do not think that free trade is necessary for



Frederick E. Hasler, president, Chamber of Commerce of the State of New York, left, introducing Mr. Hemingway

that, nor do I advocate the abolition of tariffs—a continuation of Mr. Hull's method of trade agreements should enable trade to thrive again.

We have tons of gold and silver stored away in our vaults, which should be put to work for our benefit and for the sake of the stricken people of other lands. I do not mean that we should dish this wealth out in a maudlin, sentimental way. We cannot be Santa Claus to the whole world. But I think we can adopt a strictly business-like program in which we advance our money as good business men would. To be more specific, I would call your attention to the quantities of supplies of all kinds that are being sent abroad under the Lease Lend Law. If it is proper, and I think it is, to send butter and guns to our allies for their sustenance and their defense, why will it not be good business, after the dictators have been put to sleep, to also send gold and silver to enable our allies and our former enemies too to establish a sound banking and currency system? And again I say the transaction should be treated as business and hedged about by agreements and conditions prepared by men who understand the subject.

AND let me emphasize that if we are to be successful in reestablishing a sound economy in the world, business and government must pull together. There must be developed a new and better relationship between them. Each has an important part to play and success will depend upon how harmoniously their actions are co-ordinated. It seems to me that government should do those things that are of a political nature and are for the general good, and leave to private enterprise the field of business and commerce. As nothing is more disruptive to international commerce than the uncertainty of the value of the money to be received in the payment of goods, no greater help can be given to the restoration of world trade than by enabling the great nations to place their financial houses in order again. This means that a method of settling trade balances in gold must be set up, and to accomplish this our Government can very properly lend gold and silver to foreign governments for long terms and at low rates of interest. As I have said, the terms and conditions should be determined by experts in foreign exchange and currency matters.

# ACTIVE PROMOTION HELPS BANKS

Radio, Telephone and Displays Are Among

## Citation for Distinguished Service Awarded to Cleveland Bank Women

WOMEN of CLEVELAND CHAPTER, American Institute of Banking, have the distinction of being the first group in the country to receive a United States Treasury Department citation for "distinguished service rendered in behalf of the National War Savings Program."

The women's committee of the chapter is composed of representatives of 60 Cleveland banks, who as part of their war activities served as War Savings booth workers and as a speakers bureau.

## Radio Program Stimulates War Bond Sales at Rice Lake

BETWEEN 8 and 9 P. M. on December 7, 1942, the FIRST NATIONAL BANK OF RICE LAKE, Wisconsin, staged a "Bond Time" program over the local radio station WJCM. Featuring music by a high school chorus and enacting an original dramatized skit written especially for the anniversary of Pearl Harbor, the program invited listeners to phone and place War Bond orders.

Harry Moors, cashier, tallied sales—\$50,000. All calls were placed within the city of Rice Lake and vicinity, population about 5,000. Names of purchasers were then read over the air, with amounts of subscription if the buyer permitted. "Bond Time" is part of a weekly series presented by the Barron County Bankers Association in collaboration with WJMC. Further details may be obtained from Mr. Moors.

## Telephone Contacts Net \$100,000 Weekly Average in War Bonds

A GOOD demonstration of effective telephone technique is found in the recent experience of the FIRST

An anniversary newspaper advertisement sponsored by California Bank. The stars symbolize a service flag, or awards of merit to bond buyers



A display of flags of the United Nations line the walls of the War Bond section of the First National Bank at Palm Beach, Florida

NATIONAL BANK OF MALDEN, Massachusetts. After a survey of checking account balances, the bank divided a list of War Bond prospects among officers, each to make a series of calls on business prospects between 4 and 5:30 P. M., and personal account customers between 6:30 and 8:30 P. M.

While secretaries looked up phone numbers, officers cleared calls through six of the bank's trunk lines assigned to the job. This grouping of the staff made a sort of game of the campaign, with tangible results mounting hourly and adding more and more enthusiasm to the sales story. Customers unable to make immediate commitments were kept "on the hook" for a follow-up call.

The bank's average weekly War Bond sales jumped from \$22,000 to \$100,000, with a \$100,000 single day's sale as a high point.

## Fighter Plane Display Aids Bond Sale Drive at Buffalo Bank

BUFFALO area, New York, is the home of two famous fighter planes which are making aeronautical history on the fighting fronts—the Bell Airacobra and the Curtiss P 40.

Recently, the MANUFACTURERS AND TRADERS TRUST COMPANY of Buffalo developed an 8 x 14 foot lobby display showing these planes in action over France, Africa, Australia and the Solomons. The unit is dominated by models of both fighters, with special lighting effects which make the planes appear to be moving against a background of sky and shifting clouds. One side wing of the main exhibit gives an interesting combat

# EXPAND THEIR WAR BOND SALES

## the Many Media Used Effectively



Unveiling of the fighter plane display in the lobby of the Manufacturers & Traders Trust Company, Buffalo, New York

record of the planes, while the other confronts the observer with the question "What Are You Doing to Help the War Effort?" Specifically it mentions employment in a war industry, sharing rides, participating in civilian defense, fighting waste, collection of salvage and purchase of War Bonds.

Assisting President Lewis G. Harriman at the unveiling ceremonies were executives of the two plants which manufacture the planes—Lawrence D. Bell, president, Bell Aircraft Corporation and Burdette S. Wright, vice-president and general manager, Buffalo plants, Curtiss-Wright Corporation.

This display is credited with stimulating War Bond sales in the home office and in the several branches where it has been shown.

### Nation's Public Schools to Buy \$200,000,000 in War Bonds

SCHOOL children from kindergarten to high school are buying War Bonds and Stamps at a rate that will bring their total purchases for the scholastic year 1942-1943 to \$200,000,000, according to a recent announcement by Dr. Homer W. Anderson, associate field director in charge of the education section of the War Savings Staff.

More than 15,000 schools have signed up for the "Schools at War" campaign to "save, serve and conserve," with additional enrolments running as high as 3,500 per week.

Thousands of schools throughout the country, while not enrolled officially in the drive, are conducting active sales campaigns through school thrift programs and in cooperation with local banks.

For the current year the majority of schools reporting have indicated that sales goals are more than doubled last year's net returns of \$80,000,000.

### Insignia Guide Card Attracts War Bond Sales in New York

THE UNION SQUARE SAVINGS BANK of New York City gives an Army-Navy insignia guide card to all War Bond buyers as a memento. It is a novelty disc which seems to have solved the problem of identifying the baffling insignia of our armed forces. By simply thumbing the disc, proper insignia for officers and "non-coms" appear in the die-cut windows. The card is pocket-size for handy reference.

### Meadville Banks Promote "Buy Bomber" Drives

THE value of cooperative sales effort is again borne out in the experience of the three Meadville (Pennsylvania) banks, which report a \$500,000 War Bond volume from 20,000 population in three concerted drives.

The first campaign enlisted the sales force of every store in the city under the theme "Meadville Buys a Bomber in 15 Minutes." During the drive merchants agreed to sell nothing but War Bonds for the 15 minute period between 12 and 12:15 P. M. Total sales hit \$140,300.

The same program was developed in a second drive under the theme "Meadville Buys Another Bomber." The third drive was expended to the whole of Crawford County with the proposal that "Crawford County Buys an Air Squadron." The second and third drives ran up total sales to \$215,000 and \$311,900 respectively.

One interesting fact observed in each of these promotions was that during each 10-day period following the drives, sales were 20 per cent greater than normal.

### OWI Publishes List of U. S. War Information Films

THE United States war information films have been catalogued in a recent publication by OWI, with complete technical information, list of distributors, etc. The list includes 16mm. and 35mm., sound and silent, technicolor and black and white films, on various branches of the armed services, aviation training, civilian defense, industrial, and governmental projects. Many of the films are available free of charge, while others available through commercial distributors carry a fixed rental charge, plus transportation or postage.

It has been suggested that banks might develop an interesting film program in connection with War Bond promotions among employees, through local schools and employees of industrial plants to step up the payroll deduction program. The above list suggests a program guide.

# New Mortgage Loan Aid

MARGARET KANE

MISS KANE is research assistant to DR. ERNEST M. FISHER, deputy manager of the American Bankers Association in charge of Mortgage Research and Real Estate Finance. DR. FISHER is the author of "The Home Mortgage Loan Manual" reviewed by MISS KANE.

TEN billion dollars is a lot of money, but the mortgage holdings of banks in the United States, as reported to the Comptroller of the Currency on December 31, 1941, closely approached this figure. Mortgages in the amount of \$2,255,408,000 were held by national banks, in the amount of \$2,648,233,000 by state banks, and in the amount of \$4,812,176,000 by mutual savings banks.

So it is evident that banks have a sufficient stake in this form of investment to assure their interest in any effort made to assist them in improving the quality of their mortgage loans. This is particularly true since mortgage loans have been a source of much anxiety and discouragement to banks in recent years. In preparing "The Home Mortgage Loan Manual," which was announced in BANKING last month, study of the experience of many mortgage lenders has been the basis of a search for principles that would help to make home mortgage loans safer and more profitable investments.

ONE way in which progress can be made toward this objective is by standardizing the mechanics of mortgage lending practice as much as possible, in order to facilitate comparison of experience. The manual has been prepared with this idea in view. Variations in practice are of course inevitable, but it is hoped that through a wide application of the principles set forth in the manual a basis for comparison and study of experience in the future may be established.

Although there is no substitute for good judgment in a mortgage officer, and judgment must always in the end determine the decision on a loan application, it needs all the support it can get by the collection and analysis of relevant information. Ironclad rules in a mortgage department concerning the conditions on which loans shall be made do not work out with consistent satisfaction. Lending policies need to be adjustable to fit varying circumstances and changing conditions, and to take into account the numerous factors that affect the probability of repayment.

A systematic plan of obtaining and using the essential information is suggested in "The Home Mortgage Loan Manual." Each element of the loan is considered on its own merits and in relation to the other elements of the transaction.

The probability of repayment of a loan depends on the borrower, the collateral, and the provisions for repayment contained in the mortgage. The borrower's willingness and ability to repay the loan must be evident; the

This is the new  
Home Mortgage  
Loan Manual



collateral must be adequate; and the terms of the mortgage must be suited to the borrower's ability to repay, as well as to the expected life of the property.

Model forms of application, appraisal, and analysis are presented in the manual as suggestions for adoption or modification by individual banks.

On the application form the borrower is required to give the amount and purpose of the loan requested, to describe the property briefly, to state the cost and any financing other than the proposed loan, and to furnish information about title, taxes, and any existing liens on the property. The rest of the form is concerned with the borrower himself: his employment, income, dependents, previous housing experience, assets and liabilities.

The inspection and appraisal form provides for a detailed description of the property and the neighborhood, estimates of rental value and of cubic-foot reproduction cost, and a statement of the appraiser's opinion of the fair value of the land and buildings. A supplementary form for computing the reproduction cost of the items making up the total cost is also provided.

THE application form and the inspection and appraisal form cover the most important information needed by the mortgage officer. To help him to analyze this mass of material in a systematic way, forms are provided which classify the material into four groups: neighborhood, property, borrower, and mortgage pattern. For each group a number of carefully selected items bearing on the mortgage risk are listed, to be rated by the mortgage officer according to a system of weighting indicated on the form. The ratings for each item are summarized into a rating for the group, and the form for rating the mortgage pattern uses these summary ratings and some additional items to arrive at a final over-all rating of the mortgage risk.

The manual begins with a general discussion of the making of mortgage loans, followed by a presentation of the forms, with a detailed explanation of the purpose and use of each form, item by item. An appendix discusses the effect on the loan-value ratio of the effect of the changing relationship between the unamortized principal of the loan and the value of the property from time to time under varying assumptions of depreciation.

# BANK WOMEN DISCUSS THEIR JOB

MARY B. LEACH

*Next month, in the last of this series of articles, bank women will touch on other aspects of women's employment in banking.*

THE mother of invention—in this instance wartime necessity—has caused the heads of many industries to abandon their old reluctance to give women a voice in evolving business procedure. The stunned amazement evidenced at women's ability to suggest and perfect money and time-saving methods and to take over jobs traditionally held by men and to perform them as well or better than their predecessors is almost daily reflected in newspaper and magazine headlines.

It may be trite, but it is nevertheless true, that the best way to make a friend of an unfriendly or disgruntled person is to ask him to do something for you—ask him for his advice on a matter of importance. He is flattered and instinctively warms up to you for paying him the compliment. He finds that you are not a bad person after all.

Women react much the same as men do—they, too, respond to indirect flattery—and when their ideas and abilities are given a hearing and utilized by industry they show by performance what they can do.

In a cross-country sampling of opinions, bank women were invited to express their viewpoints on a variety of subjects, including their present opportunities and responsibilities. It is evident from their remarks that they welcomed this opportunity to discuss some of their cherished views.

Had the same questions been asked of women in almost any other field, the answers doubtless would have been much the same, for banks have equalled, if not surpassed, most other businesses in giving recognition to women. The participants in this panel were selected by the personnel officers of their banks as being representative of various types of jobs and personalities.

ONE query was "Assuming that you've heard it said that women's advancement in banks has been limited because they are working chiefly as a stop-gap to marriage, what attitude do you think they should take toward their new opportunities resulting from the entry of thousands of men into military service?" In answer, an almost unanimous chorus of women echoed the sentiment that they have a job to do while the men fight for them and that "matrimonial aspirations" are secondary for the duration. Here are a few of the comments:

## Prepare for Larger Opportunities

"Women must be awake to the necessity of their being prepared for greater responsibilities. Shortage of manpower unquestionably will open great opportunities

## She Loves Her Job:

*BANKERS' hours have long been the target for the jibes of non-bankers; however, only about a third of the bank women paneleers find their hours a special inducement; more than two-thirds of them appreciate the opportunities offered by banking for further vocational training; and nearly two-thirds have taken the courses offered by the American Institute of Banking.*

*Were Diogenes living today and to widen his search to include a man (or woman) satisfied with his or her present income, he indeed would be in for a time of it. However, unbelievable as it may be, in the banks he could find a few women who feel that their pay checks are adequate. But the majority of bank women, true to human nature, hope to have their salaries increased.*

*Working conditions and associates led the list of things bank women find appealing about their jobs—82.5 per cent expressing approval of working conditions and 86 per cent satisfaction with associates.*

to women, but we women can hardly expect to get our training on the job. The opportunities will only go to those women who have prepared or who are preparing themselves to take on bigger jobs. We can't be executives and supervisors unless we broaden our knowledge of banking."

## She Ows the Best That's in Her

"I realize the point comes up for discussion frequently and we, therefore, have to consider it, nevertheless it irks me beyond expression. In the first place, even before this present grave emergency, marriage often did not end business careers for women. When a person accepts employment, be it man or woman, he owes the best that is in him to his employer whether he expects to stay there a year or forever."

## Give Us a Chance and We'll Show 'em!

"'Working as a stop-gap to marriage'—well, aren't they? Talk to the youngsters of 18 to 25! Talk to the kids coming into banking right now and you'll find every last one of them working until 'Prince Charming' comes along! It's been dinned into them by their sisters, cousins, aunts and mothers. Marriage is the career for which they have been created and regardless of their being cross-eyed, knock-kneed, or homely as a mud fence, 99 and 99/100 per cent of them look forward to *that* career! It's fundamental; it's something we're born with; the



### Women in war make headlines

continuation of the society in which we live—the propagation of the race—depends upon our girls having that attitude.

"It isn't what attitude the women should take; it's what attitude the men should take! Give us a chance and we'll show the men we can do the job! Women have been begging for a chance at responsible jobs and they won't back down now."

**I**N response to the question, "What, in your opinion, all things considered, would make banking more attractive to women employees?", 85.7 per cent of the answers said "salary increases and more equitable opportunities for advancement."

Here are the comments of some of the women bankers:

### Moderns Want Advancement

"When women are first employed and are led to believe that they may advance, see to it that they do advance. Nothing discourages a modern girl more than the feeling that she is in a 'rut.' Increases in pay, even though small, also will add to the attractiveness of a job in a bank."

### Allow Men and Women to Compete for Jobs

"The basis for the old antagonism against women's holding positions of responsibility and prominence is the fact that women in such positions were not paid as much as it would have been necessary to pay a man holding the same position. Naturally the men resented them; employers took advantage of such situations and women were unable to obtain the fullest advantage out of such positions. Were men and women allowed to compete for all positions it would greatly improve the general efficiency of all employees, for then, surely, to the best man or woman would go the best job."

### Equal Opportunity

"By their actions they shall be judged! If the policy-makers of our banks will recognize over the long pull, women stay with banks just about as long as men; if they will recognize that women, over 30, work because of necessity to support themselves; if they will just give us credit for being intelligent, thinking human beings; if they will just stop thinking of us as women—and begin to think of us as employees who want to serve them efficiently, loyally, and capably; if they will accept us as permanent members of their staffs, and, where deserving, give us an equal opportunity for advancement, regardless of our sex—

"If they'd just give us a chance—if they would not raise the barrier of sex—if they'd just not make it so hopeless, there would be fewer bitter, cynical, frustrated women!"

**R**EGARDLESS of the fact that bank women feel they have not always had justice meted out to them, 82 per cent of them feel that they can make their greatest contribution to winning the war by putting everything they have into doing their bank jobs to the best of their ability while the men are at the front. Eighteen per cent thought their greatest contribution could be made through the purchase of War Bonds and volunteering for civilian defense activities. No one is likely to quarrel with either of these viewpoints. A few of their suggestions follow:

### Make the Men Proud

"The greatest contribution bank women can make toward winning the war is assuring our boys and men that their positions are being satisfactorily filled. Let's make them just as proud of us as we are of them!"

### Maintain Bank Efficiency

"Women should step in and take over any job which they are asked to do in order that the men may be released for military service or work vital to the war effort, and maintain our banks so that our present high level of effective efficiency may not suffer due to changing personnel. Banks and the money they control are vital to the war effort in many ways."

### Do the Job, Regardless . . .

"The greatest single contribution bank women can make to winning the war is to work—do the jobs the men leave vacant because of their having to fight for them! Do the jobs cheerfully, efficiently, intelligently, and carry on regardless of how tired they get, how dull and irksome those jobs may be. Regardless of what treatment we receive, those men are sacrificing comforts, personal ambitions, dreams, arms, legs, eyes, yes lives, for us. The least we can do is to carry on for them. Despite discontentment, discouragement, we know when comparing ourselves to those women who entered banking 25 years ago, we've made progress. And what we've done before, we'll do again!"

# Sparklers for Speakers

HERBERT V. PROCHNOW

MR. PROCHNOW, assistant vice-president of the First National Bank of Chicago, is the author of "The Public Speaker's Treasure Chest," a compilation of source material "to make your speech sparkle." On this page he offers further hints (and stories) toward that end.

THERE are a number of tools which will help anyone to make his conversation sparkle and his speeches more effective. The most common tool is humor and its most frequently used form is the joke or humorous story.

A pertinent humorous story is often ideal for introducing a speaker, beginning a speech, lightening an address that is necessarily long, making dry material interesting, emphasizing an important point, and expressing appreciation for the attention of the audience. It also may relieve a tense situation in an argument or win a point in discussion.

Use a humorous story only when it is definitely appropriate to the subject and clearly illustrates the point to be made. Never use stories when they are irrelevant and when their only objective is to wake up the audience at intervals in a dull speech.

Dr. Allan A. Stockdale, the distinguished clergyman and lecturer, was elaborately introduced to one of his audiences. He arose somewhat embarrassed and began with the following story:

"I appreciate this all-too-generous introduction. But

there are times when a name and a reputation may be a liability, and this occasion today may be one. I recall the experience several years ago of Arthur H. James, then Lieutenant Governor of Pennsylvania, who one day entered and took a seat in the day coach of a local Pennsylvania train. Immediately after him there came the county sheriff with 12 men the sheriff was taking to the state insane asylum. When the conductor entered, he recognized the sheriff, who had made the same trip for similar purposes in the past.

"The conductor, merely said, 'Well, sheriff, how many have you got today?'

"The sheriff answered briefly, 'Twelve.'

"The conductor, being a suspicious soul said, 'Count 'em.'

"So the sheriff began counting and pointing at each one, 'one, two, three, four' until he reached 12. Then he noticed one other person sitting there and said, 'What's your name?'

"The man addressed, arose and replied, 'I am Arthur H. James, Lieutenant Governor of Pennsylvania.'

"The sheriff turned to the conductor and said, 'Make it 13.'

"And so, ladies and gentlemen, a name and reputation may be a liability."

That story was appropriate and right to the point. Next month on this page we shall discuss and illustrate the humorous epigram. And now for some stories:



## Service Charges

Rastus: "Pahson, how come you-all is takin' up a collection when you jes tol' us salvation is free?"

Parson: "Salvation is free, brother, just like de water you drinks, but when we pipes it to you, you-all has to pay fo' de pipin'."

## The Trouble

Office Boy: "I think I know what's wrong with this country."

Bank Executive: "What's that, son?"

Office Boy: "We're trying to run it with only one vice-president."

## Woodrow Wilson's Glasses

Woodrow Wilson, despite his sober disposition, possessed a quick wit. One day, during an animated conversation, his glasses slipped down perilously near the end of his nose.

"Your glasses are almost on your mouth," his companion warned.

"That's all right," Mr. Wilson answered with a smile. "I want to see what I'm talking about."

## Turnover

Personnel director: "Have you any reference?"

Applicant: "Sure, here's the letter: 'To whom it may concern. William Smith worked for us one week and we're satisfied.'"

## Relativity

Two recent graduates of a professional school met on the street, after some months.

"How is everything, Bill?" asked the first.

"Well," replied Bill, "in the morning no one comes in and in the afternoon the rush falls off a little."

# EXPERT POINTS TO OPPORTUNITIES FOR REFUNDS UNDER 1942 REVENUE LAW

J. K. LASSEN

*Mr. LASSEN, tax consultant and authority, wrote "How the Tax Law Aids Borrowers" in BANKING for January.*

FROM the point of view of those who act in an advisory capacity to business, such as lawyers, accountants and bankers, the feature of the new tax law that requires the most immediate attention is the opportunity which it gives us to claim refunds of prior year taxes. Congress was especially generous (as was the Treasury) in correcting a great many inequities formerly present in the statute. Not only was the law amended for 1942 returns, but many of the new rules were made retroactively effective to 1941, 1940 and even, in a few cases, to prior years. This was done in recognition of the fact (often pointed out by tax practitioners) that the harsh provisions formerly in effect resulted in severe hardships in those years. Some recompense is now made by giving such companies opportunities to claim refunds.

To describe all the possibilities would require the dimensions of a good sized book. Here instead is a quick survey of some refund possibilities intended to serve more or less as a checklist to guide further study of the subject.

## Income Tax Refunds

### Recoveries of Bad Debts and Taxes

FOR many years the Treasury Department and the taxpayers have been at odds on the question whether a recovery of a bad debt in the current year is taxable income when its deduction in a prior year did not result in a tax benefit. The Treasury held in several rulings that these recoveries were taxable based largely on the premise that each year must stand by itself. The contrary view, however, was consistently applied by the Board of Tax Appeals (now the Tax Court) which refused to reconsider recoveries of that nature taxable on the theory that since the deduction did not reduce taxable income, the recovery could not logically increase it in a later year.

The 1942 law settled the question definitely, making such recoveries not includable in income. The provision was moreover made retroactive to *all open years*. Companies which had items of this nature on previous returns, should now go back and file claims for refunds wherever possible.

### Deduction of Bad Debts

IN addition to recoveries, the deductibility of bad debts was formerly a most troublesome question. Bad debts could be deducted only in the year they were ascertained to be worthless and charged off. These two requirements created a great deal of difficulty largely

because of the nebulous and subjective nature of the ascertainment test. The law now dispenses with these tests and substitutes instead the simpler requirement that the deduction be made in the year the debt actually becomes worthless. Refunds are possible under this law as far back as years beginning in 1939.

### Last-In, First-Out Method of Inventorying

MANY companies could not use the "last-in, first-out" method of inventorying in 1939 and subsequent years because they issued interim statements based on other inventory methods to creditors, stockholders or others.

Such companies may now go back as far as 1939 and revise their tax returns on the new inventory basis. For prohibition is confined in the new law to those who issue annual financial statements on another basis; interim statements no longer will bar the use of this sometimes highly advantageous method.

### Amortization of War Facilities

SOME businesses engaged in war work will be enormously benefited by the new provision permitting amortization of war facilities acquired after December 31, 1939. Formerly, only those secured after June 10, 1940 were permitted to be amortized. Refunds are possible for both 1940 and 1941.

### Carry-Back of Net Operating Loss

ONE of the most important changes of principle in the new law is embodied in the provision which permits a carry-back of net operating losses, in addition to the former carry-forward. The statute had formerly recognized the necessity for "leveling out" periods of wide fluctuations in earnings by allowing a loss on operations to be applied against the profits of the two succeeding years. While this was welcome, it provided nevertheless only a half measure as a solution to the problem. Congress has now commendably gone all the way by permitting in addition, the carry-back of such a loss to the two preceding years. But under a special restriction, a loss in 1942 can be carried back only to 1941. Companies with losses in 1942 may find a substantial refund due them, therefore, on their 1941 tax.

### The New "War Losses" Provision

LOSSES arising (after December 7, 1941) from property destroyed or seized in the course of military or naval operations during the war, or located within an enemy-controlled area may now be claimed as a casualty (not subject to the capital loss limitations) in the computation of income. If it was within the enemy-controlled area at the outbreak of the war, the loss is considered to have occurred in December 1941.

The rule creating a casualty rather than a capital loss

was generously extended to such interests as stocks or bonds of a corporation which held the property, and to contract rights based on obligations of persons whose property is under enemy control. They may be considered worthless if all the underlying property has been seized or destroyed.

## Excess Profits Tax Refunds

THE section of the law that concerns the excess profits tax is especially replete in refund opportunities. Under the impetus of a 90 per cent basic rate, the Congress made a real effort to eliminate inequities and prevent hardships. And when its attention was called to the injustices formerly in the law, it beneficially decided in many cases to make the relief retroactive to all excess profits tax returns. A substantial number of corporations will, therefore, find opportunities for refunds of excess profits taxes paid under 1940 and 1941 laws.

## Elimination of Disclaimer

OF first importance is the elimination of the formerly troublesome disclaimer provision. Under the old law, some companies disclaimed the use of one credit on the tax return. In many instances, this was done without a full realization of the dangers involved, for the company was henceforth forever barred from changing credits. The disclaimer was irrevocable.

Not only was this pitfall eliminated in current years, but it is now provided that for *all* excess profits tax years, a company can choose the credit which results in the lower tax, despite any previous disclaimers. To many who made unfortunate mistakes, this will come as a most welcome relief. Refunds may be applied for in connection with both 1940 and 1941 taxes.

## Elimination of Highest Bracket Rule

WITH a flat 90 per cent rate, the reason for the old highest bracket rule—graduated rates—disappeared, and the entire complicated provision was repealed. Congress went further and eliminated the rule for 1940 and 1941 at the same time. Those who computed tax in those years under that method are now entitled to refunds.

## Liberalization of Relief Provisions

UNDER new rules, the use of a con-

(CONTINUED ON PAGE 82)

## Refund Opportunities for Corporations

	See Law Section Number	Years Opened by 1942	Law 1941	1940	1939	Prior
<b>Income for Normal Tax and Surtax</b>						
Proceeds from life insurance originally acquired in tax free transfer are exempt.....	22b	Yes	No	No	No	
War losses (see law for definition) are ordinary deductions—not capital losses—and new provisions for taxing recoveries.....	127	Yes	No	No	No	
Recoveries of bad debts and taxes written off are not income if they did not reduce taxes in prior years.....	22b	Yes	Yes	Yes	Yes	
You can use the "last-in-first-out" method of inventorying even if you gave out some statements at variance	22d	Yes	Yes	Yes	No	
Bad debts are a deduction in year of worthlessness instead of year ascertained to be worthless and charged off.....	23k	Yes	Yes	Yes	No	
Amortization is permitted in case of war facilities acquired after December 31, 1939 rather than after June 10, 1940 and other technical changes	124	Yes	Yes	No	No	
Carryback of net operating loss in 1942 reduces tax of 1941. Thereafter carryback for two years.....	122b	Yes	No	No	No	
Revision of method.....	26c	No	No	No	No	
<b>Income for Excess Profits Tax Only</b>						
Exclusion from income of net gains on involuntary conversion and sales of depreciable assets held over 18 months	711	Yes	Yes	No	No	
Inclusion in income of all dividends from stocks that are not capital assets for companies using the invested capital method.....	711a	Yes	Yes	No	No	
New method of computing income for instalment dealers.....	736	Yes	Yes	No	No	
Those with long term contracts.....	736	Yes	Yes	No	No	
Revision of rules to compute net loss carryover.....	711a	Yes	Yes	No	No	
Exclusion of bonus income of mines and timber companies.....	711a	Yes	No	No	No	
Exclusion for excess output of mines and timber companies.....	711a	No	No	No	No	
<b>Invested Capital Credit</b>						
Elimination of old highest bracket rule in computing excess profits taxes.....	752	Yes	Yes	No	No	
Acquisition of property in corporate liquidations.....	761	Yes	Yes	No	No	
Some acquisitions of companies permit increase of stock issued for property by deficit of transferor.....	718a	Yes	Yes	No	No	
<b>Base Period Credit</b>						
Liberalization of the use of component's income in the base period particularly use of growth formula including component; elimination of need to elect when filing return, right to construct missing periods, etc.....	742	Yes	Yes	No	No	
New method to reconstruct base period income under the revised relief sections.....	722	Yes	Yes	No	No	
Use of new method of computing current income for contractors gives us right to increase base period income	736	Yes	Yes	Yes	Yes	
<b>General Excess Profits Matters</b>						
New rules liberalizing difficulties with inconsistencies.....	734	Yes	Yes	No	No	
Elimination of disclaimer—you can now get the greater credit for excess profits tax.....	712	Yes	Yes	No	No	
New optional process to annualize short years—use income for year beginning with short period, etc....	711a	Yes	Yes	No	No	

# NEW FINANCIAL SAFEGUARDS FOR WAR CONTRACTORS ARE CLARIFIED

HERBERT BRATTER

*Washington, D. C.*

**R**EVISION of the Army's supply program has made necessary drastic terminations, curtailments, and slow-downs of production schedules in existing contracts. Such changes threatened serious financial difficulties for many contractors and subcontractors. Therefore, the Army undertook to provide relief, within the authority already set down in its procurement regulations. A directive was sent to the chiefs of all supply services. Lt. Col. Paul Cleveland, acting chief of the Advance Payment and Loan Branch, Headquarters, Services of Supply, supplied copies of that directive to the Board of Governors of the Federal Reserve System and through the latter copies were distributed to all Federal Reserve banks. Any banks concerned with Regulation V loans may obtain full details of this directive through the Federal Reserve bank of its particular district. The procurement regulations of the War Department, also, are on file, at the Federal Reserve banks.

The War Department believes that it is in the interest of a sound procurement program that all reasonable steps be taken to protect contractors and subcontractors from the financial hardships resulting from terminations, curtailments and slow-downs, so as to preserve the potential productive ability of such contractors and subcontractors as going concerns, even though in the light of immediate productive needs their facilities may not be needed.

The Department also believes it to be in its own interest "that advance payments and guaranteed loans—which are existing or potential charges against the funds allocated to the curtailed contracts—be liquidated in an orderly manner; that financing institutions co-operating in the financing of War Department procurement be protected to the extent compatible with the Government's interest; and that a multiplicity of calls by financing institutions upon the War Department to take up guarantees be avoided."

Accordingly, the Department decided as follows: "Where contractors are directed to slow down production rates, such changes will be effected pursuant to provisions of the contract if the contract authorizes such change. In such cases, contracting officers are ordinarily authorized to make an equitable adjustment in the event that the change causes an increase in the contractor's cost. Where the contract contains no such provision, then the contracting officer has authority . . . to enter into supplemental agreements which will compensate the contractor for such increased cost as may fairly and reasonably be attributable to the slowdown. In no case should the contractor be ordered to

slow down production without pursuing either of the methods of adjustment referred to. In all such cases, if practicable to do so, provisions will be made for protection of subcontractors through procedure similar to that provided in paragraph 324 (i) (2) (as amended 11-19-42) of the procurement regulations."

Where contracts are to be modified by reducing the number of items to be delivered pursuant thereto, if the contract contains the termination clause prescribed in paragraph 324 of the procurement regulations, the procedure set forth therein will be followed in making the adjustment required by such curtailment. If the contract does not contain such a provision, the contractor will be afforded the opportunity to amend the contract, pursuant to paragraphs 324.2 and 324.3 of the procurement regulations (each as amended 11-19-42).

Similar relief is provided where contracts are terminated in their entirety.

Subcontractors are also protected, where termination or curtailment of a prime contract threatens seriously to dislocate their finances. If the contract contains provisions similar to paragraph 324 of the procurement regulations, care will be exercised to insure that the prime contractors negotiate full and fair settlements with subcontractors and pass on to them a reasonable share of partial termination payments. In this connection attention is especially invited to subparagraph (i) of paragraph 324.

In the event that the prime contract does not contain such provisions and dislocation of the finances of the subcontractors is found likely to result from curtailment or termination of the prime contract, steps will be taken wherever possible to amend the prime contract.

In connection with the curtailment or slow-down of production under a contract, a study will be made to determine whether it is necessary or advisable to authorize advance payments or to increase the amount of advance payments previously authorized. Pending the completion of such study and proceedings, and the appropriate adjustment of the contract, interim withdrawals from the special account may be permitted and the "pull back" clauses of existing advance payment articles ordinarily are not to be enforced.

The November 23 directive provides further that when, as a result of termination, curtailment or slowdown of a contract being financed by or assigned as security for a guaranteed loan, it appears that the best interests of all parties would be served by relieving the contractor from its obligation to a lending institution which has financed the production of a loan guaranteed by the Government, careful consideration should be

(CONTINUED ON PAGE 83)

given to suggestions that the guaranteed loan be liquidated by an advance payment or a direct government loan. Conversely in certain situations, especially where many contracts or more than one supply service are involved, advance payments may be liquidated or interim financing furnished by guaranteed loan or direct government loan. Contracting officers and liaison officers are instructed to closely cooperate to these ends.

In *extreme* cases, upon special application, the War Department has informed the Federal Reserve Board, "fixed price contracts may be converted to cost-plus-a-fixed-fee contracts or investments in facilities and equipment acquired by the contractor for the performance of a contract which has been rendered non-income producing or substantially so as a result of such

termination, curtailment or slowdown may be purchased by the Government with, of course, due consideration to any amortization of taxes claimed by the contractor pursuant to section 124 of the Internal Revenue Code. In appropriate cases after such purchase, the facilities may be leased to the contractor in accordance with the policies established in paragraph 1002 (as amended 9/5/42) of the procurement regulations."

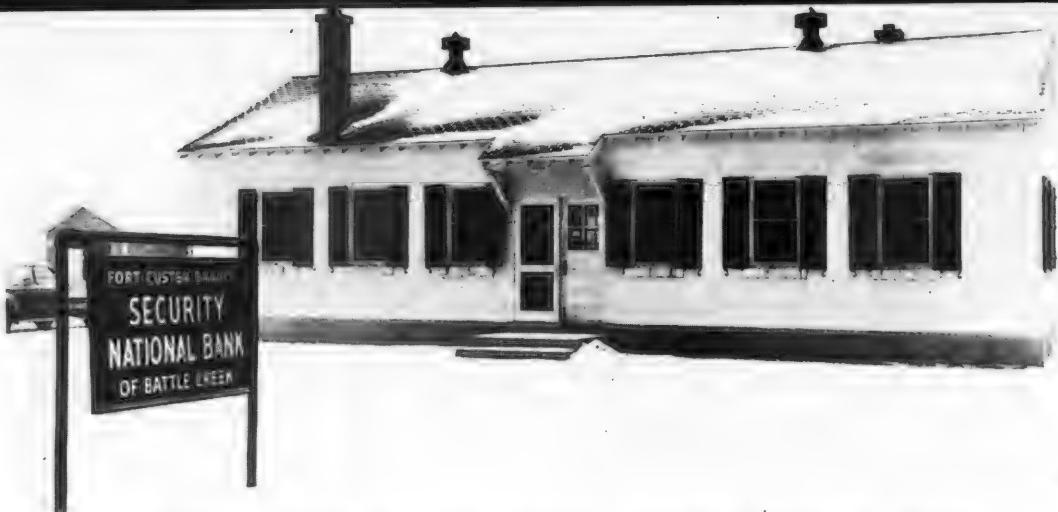
Usually the question of the renegotiation of government contracts is thought of as arising from too profitable contractual conditions. This is only one reason for renegotiation. Sometimes contractors will submit bids which are too low for profitable fulfillment, and then seek to get the contract price raised through renegotia-

(CONTINUED ON PAGE 83)

War production—fuel, scrap, matériel and food

CUSHING





Army bank maintained at Fort Custer by the Security National Bank of Battle Creek, Michigan

## Army Camp Banking

*This is the third in a series of reports on banks maintained at Army camps.*

ALTHOUGH most of the 37 banks designated by the Treasury Department to provide limited service at Army posts and camps throughout the country perform essentially the same service, each bank, because of the locality and type of camp it serves, must of necessity evolve banking practices that will conform to the highest standard while serving a constantly changing clientele contrasting widely in many respects from its regular year-round customers.

At the Camp Custer Branch of the Security National Bank of Battle Creek, Michigan, for example, approximately 60 per cent of the accounts opened remain after soldiers have been transferred either to other American posts or to foreign countries. At present the bank is "receiving deposits from soldiers stationed in many parts of the world."

"We find soldiers are good buyers of War Bonds," Security National writes. "Many of them have regular payroll deduction plans taken care of by the Finance Officer, and we find also that officers make individual purchases through our Fort branch, in addition."

The policy of the Security National is to make loans to soldiers up to two-thirds of one month's base pay, usually with a maturity of from 30 to 90 days. No endorsement is required on loans to commissioned officers, although the bank's usual credit check is made. In order to borrow, soldiers and officers must carry accounts with the Security National and assign their pay for deposit to their accounts at the bank. Scheduled note payments are automatically charged to the accounts of the soldier-borrowers.

Non-commissioned officers and soldiers are the largest savings account owners at the Camp Custer bank; commissioned officers, for the most part, maintain checking accounts.

To eliminate confusion and to speed banking operations, all Army company fund accounts, mess fund accounts and other official accounts are supplied gratis with printed checks and are subject to the bank's regular service charges.

A fee of 10 cents is charged for cashing out-of-town personal checks.

During three weeks of the month two full-time employees are stationed at the branch and four employees are in attendance over month-ends.

*This picture inside of the Camp Custer bank was taken "at a time of rather low activity"*



# URGES LONG-RANGE LEGISLATIVE PLANNING

CARL K. WITHERS

MR. WITHERS, president of the Lincoln National Bank of Newark, New Jersey, is chairman of the American Bankers Association Committee on State Legislation and of the State Legislative Council, and is a former Commissioner of Banking and Insurance for New Jersey.

**I**N the capitols of 44 of the states, the domes already are or shortly will be ringing with the voices of democracy at work. The elected representatives in each of these states will gather in their respective legislative halls and there shape the laws that will govern their constituents.

And what does this mean to the banker? It means that this is *his* opportunity also to make known *his* demands for needed legislation of the better kind; for new laws that will further protect his interests, the security of his depositors' funds and stockholders' investment; for the scrapping or revision of old or outmoded laws, or if need be, the adoption of a completely new banking code, such as is being undertaken in the State of Texas this year.

**T**HREE is no doubt where the American Bankers Association stands on the question of maintaining both state and national systems; it is a matter of historic record through the proceedings of many conventions, and in the activities of many of its divisions and committees, the leadership of which has been committed through the years to the building and defense of a strong state banking system. The activities of the Committee on State Legislation in particular have long been devoted to this objective, and are bringing increasing results with each turn of the legislative wheel. However strongly we may defend the system, it must be considered that the banking laws of many of the states are still woefully weak and inadequate to cope with the demands of the present day economy, and that unless there is a continuing and concerted effort made to strengthen them and bring about a greater semblance of uniformity, concern might well be felt for the future of the system as a whole.

Some, no doubt, will argue that the present is no time to "monkey" with our banking laws, no matter how antiquated or inadequate they may appear to be; that far better to forget all about any new legislation; concentrate all on winning the war, and let the future take care of itself. If this be sound logic and reasoning, why then do we find the heads of the great nations allied in the present conflict already talking of the peace and planning for post-war rehabilitation?

Foremost among the states doing some really long-range legislative planning is that represented in the recently completed revision and codification of the banking laws of Texas. Tackling a set of laws that had been altered, amended, "added to and subtracted from"

through many long years, the banking department of that state, with the assistance of special committees of the Texas Bankers Association, went to work, and after more than a year of close application, study and research, evolved a banking code that might well be used as a model in other states. This accomplished, the assistance of our own Committee on State Legislation through the A.B.A. Legal Department was sought for the purpose of final review, which assistance was cheerfully given "on the spot" in line with the established policy of the A.B.A. of assisting in the promotion of sound state legislation through existing state organizations.

**I**N New Jersey the latest complete revision of the laws governing the operation of state banks and trust companies was in 1899, and of savings banks in 1907. True, there have been many amendments, qualifying clauses and the like, but the basic laws remain the same, and the whole, to quote the present Commissioner of Banking and Insurance, constitutes "pretty much of a patchwork."

Of the dangers inherent in the present state of our national well-being, Joseph Earl Perry, Commissioner of Banks for Massachusetts, and president of the National Association of Supervisors of State Banks, says:

"In the struggle to preserve the form of government, both political and economic, which has constituted the peculiar genius of our American civilization, our dual banking system may be in a position to wage a more effective rearguard action than almost any other part of our economic structure."

"As a nation we have swung very far in the direction of concentration of authority in Washington. When the war necessity is over, that sentiment may be violently reversed or, on the other hand, the wartime momentum may be sufficiently strong to sweep us completely into a managed economy. If we are to preserve a sane, middle course, it seems to me that associations, such as the American Bankers Association and the National Association of Supervisors of State Banks, must do some immediate and far-reaching planning, for it will not do to trust to improvisation when we are in the midst of the transition period."

In this time of great national emergency, with its necessity for clear thinking and sound and constructive planning not only for the immediate present, but for the post-war future, the advice and assistance of the Committee on State Legislation and members of the State Legislative Council and members of the staff of the Legal Department are willingly at the service of the officers and legislative committees of any state association or supervisory authority. As a "chain is no stronger than its weakest link," so is the strength of our chain of state banking systems. The job before us is the strengthening of the banking structure as a whole with uniformity the keystone, and sound supervision and administration the working tools.

*One Bank's Experience with*

# LIFE INSURANCE LOANS

C. V. T. LUDLOW

MR. LUDLOW, assistant vice-president of the Empire Trust Company, New York City, says that the primary purpose of his article "is to bring to the attention of other banks what, in my opinion and in the opinion of the insurance companies, is an unreasonable amount of work placed upon the companies by banks making life insurance loans, especially under present conditions and the lack of help."

IN 1935, when there was a dearth of available loans and rates were low, we turned to the proposition of making loans against the assignment of life insurance policies because most of such loans by the insurance companies to the insureds carried a rate of 6 per cent and because there was an abundance of such loans available.

While we did not question the wisdom or decision of the insurance companies in maintaining such a rate in view of the many problems involved, we did feel that economic conditions justified us in soliciting such loans and quoting a lower rate. The practical effect was that of giving us additional income, reducing the interest expense of the insured and, rather important to the insured and the insurance companies, keeping many an insurance policy alive.

After considerable research, correspondence and legal conferences, we started in a moderate way and have built up a satisfactory portfolio of insurance loans. From the start, however, we have regarded these loans as entirely different from stock and bond loans because of the personal equation involved and with all the rights, options and benefits to be considered. We have found this personal equation helpful, both in keeping our collateral in good condition and realizing on our claims.

WE have had no occasion to foreclose a loan and while we have had a moderate number of surrenders this has always been at the request of the insured and with his cooperation. In the case of decease most insurance companies have recognized our claims without question and have furnished checks to our order for the amount of our claims. Where it is the practice of certain companies to draw checks jointly to the order of the assignee and beneficiary we have overcome this by obtaining a letter, at the time of decease of the insured, from the beneficiary to the insurance company directing that a check to our order only be furnished for our claim and another check made payable to the order of the beneficiary for the balance due.

We know that these loans are technical and must be made with due care and to persons of good character and should bear a reasonable rate of interest. However, competition has forced rates, on a competitive basis, to rather low figures.

In making these loans we observe the fundamental duties involved to see that we obtain original information from the insurance company as to indebtedness, assignments on file, confirmation of cash values, beneficiary, etc.; see that our collateral is in good assignable condition; and then proceed with the assignment and note or notes. After this is accomplished, regardless of renewals or increases, we obtain only paid premium receipts and have no further correspondence with the insurance company. On the ground that our assignment is made to cover any loans at the time or in the future, we obtain paid premium receipts direct from the borrower, and the cash values appearing in the table are definitely stated for future guidance.

In this last connection, we understand that a number of banks have been flooding the insurance companies with letters from year to year after the original loan has been made inquiring principally as to the then cash value of the policy. Such letters are, in my opinion, and in the opinion of insurance companies, unreasonable, throwing a tremendous amount of work upon the companies. We have found the companies most cooperative in answering pertinent questions but it does seem unnecessary to ask for information readily available.

WHILE it is true that premium receipts are given out subject to collection of the check involved the personal equation enters strongly into the picture because the insurance is being carried in most cases for protection of a man's wife or family; there is a much greater interest at stake in that direction than in the amount to be paid to the bank; and in our experience we have not found that bad checks have been given in exchange for premium receipts. This risk has been evaluated the same as the risk of a previous unrecorded assignment. Of course an attempt could be made to have all policies endorsed for paid-up insurance to prevent them from going into extended term insurance having a declining cash value, which would be discovered a year later, but some policies cannot be endorsed for paid-up insurance prior to default. In addition we consider it somewhat unfair to insist on a paid-up insurance endorsement because if the insured should die during the period (in many cases three months) in which the non-forfeiture provisions prevail, then a much lesser amount would be payable.

In view of our satisfactory experience and appreciating not only the burden placed upon the companies in assembling original data and subsequent information but also the cooperation furnished by the companies, their agents, borrowers and beneficiaries, we continue to feel that we are serving a useful purpose in making such loans based upon the practices and procedures which we have developed and followed.

# State Associations Work on Many Projects

## Time Deposit Interest

A recent survey of interest paid on time deposits and savings accounts by members of the *West Virginia Bankers Association* shows for the 120 reporting banks a range of dividends running up to 2½ per cent, with 22 variations of split rate schedules. The association noted that the majority of members held the opinion that all rates should be reduced to a minimum, and that action in many cases awaited a move by neighbor banks. Some uniform action, as resulted in other similar studies, will be planned.

## Trends

A digest of the bank management clinics conducted last Fall by the *Missouri Bankers Association* was published recently under the title, "Trends of Bank Earnings and Expenses." The data contained in this 24-page booklet were developed on a uniform basis for 1938 through 1941 covering all commercial banks. The introduction discusses significant changes brought about by the war economy, while charts and supplementing text give a picture of deposits, net earnings, gross income, operating income and expense, service and collection charges and fees. Each chart is based on a unit of \$100 of deposits so that the data are easily interpreted and the picture of trends in each category is consistent.

## Revised Schedules

The Bank Management Committee of the *Minnesota Bankers Association* has issued a revision of service charges and exchange rate schedules in effect since 1938, under what it considers a minimum adjustment. Two points are emphasized: (1) Non-par banks should comply without exception to the schedules as recommended, with a view to preserving the privilege of continuing exchange charges on cash letters; (2) develop the sale of bank money orders as an additional source of income.

## Hemp Program

The *Illinois Bankers Association* has called upon member banks to give all-out support to farmers cooperating in the Commodity Credit Corporation's hemp growing project, which has set the state's quota at 60,000 acres. The association office has distributed complete information to members on cultivation, methods of harvest, return to the farmer and other details of the program to be executed in 1943, in anticipation of a demand for farm loans.

## Bulletins

The *Wisconsin Bankers Association* has adopted a new treatment for its public relations bulletins. Instead of handling the subject academically, with periodic lengthy reviews of member bank experiences, which has been the practice for several years, latest issues simply brief methods, ideas and current developments. The change is considered a timesaver as well as an editorial convenience which serves up the news while it's hot and helpful.

## Gasoline Rations

The *Kansas Bankers Association* recently surveyed essential automobile driving among a group of member banks and discovered that minimum additional mileage over the "A" rating required from 5 to 35 gallons, with an average of 10 to 20 gallons for the majority.

Inasmuch as the granting of supplemental gasoline is entirely in the hands of local rationing boards, the association has ad-

vised members to make an estimate of required mileage, restricted to one car per bank, and lay the facts before their local boards without delay.

## Cultivating Careers

Scholarships to the College of Agriculture, University of Florida, have been awarded by the *Florida Bankers Association* to five high school students selected from 4000 Future Farmers of the state on the basis of their all-round vocational agriculture programs. The association feels that these scholarships, valued at \$100, offer not only a goal to be achieved but act also as incentives to the winners to pursue specialized agricultural training. It is felt that recognition for members of the 4-H and Future Farmers is particularly important in these times when other fields of endeavor may look a little greener to youth.

## Meet the State Secretaries

Georgia's  
Haynes  
McFadden



In addition to running the executive offices of the Georgia Bankers Association, Secretary Haynes McFadden, or "Mac" as he is more familiarly known, is also a member of the Fourth Estate.

"Mac" was a newsman for the Nashville *Banner*, the Louisville *Courier Journal* and the Nashville *Daily News*, before his journalistic career turned entirely to banking news. He has been editor and publisher of the well-known regional, "*The Southern Banker*," since 1914, when he became the sole owner.

He has also served the GBA as secretary since 1912, with many important collateral jobs. For example:

"Mac" was secretary of the Atlanta Committee which procured the location in Atlanta of the Federal Reserve Bank of the Sixth District.

He was vice-chairman of the Liberty Loan Executive Committee of the Sixth Federal Reserve District in three Liberty Bond Campaigns and chairman in the fifth or Victory Loan Campaign.

He was a field organizer and first secretary of the Federal International Banking Company of New Orleans, an Edge Act bank serving the whole South.

He was secretary of the National Credit Association of Georgia, which with more than 40 similar associations was the precursor of the RFC.

Until recently son Bradford McFadden, serving as assistant secretary, made a father and son team for the GBA, but now "Mac" carries on alone, while proudly displaying a blue service star.



**CONDENSED REPORT OF EARNINGS  
for  
SHAREHOLDERS AND OTHERS**

	Date
<b>CURRENT OPERATING EARNINGS</b>	
Interest on Loans.....	
Interest and Dividends on Securities.....	
Other Current Operating Earnings.....	
<b>Total</b> .....	
<b>CURRENT OPERATING EXPENSES</b>	
Interest Paid.....	
Salaries and Wages.....	
Other Current Operating Expenses.....	
<b>Total</b> .....	
<b>NET CURRENT OPERATING EARNINGS</b>	
<b>Reconciliation of Surplus and Undivided Profits</b>	
Surplus and Undivided Profits at beginning of year.....	
Net Current Operating Earnings (as above) .....	
Miscellaneous Additions (net)*.....	
<b>Less:</b>	
Dividends Declared.....	
(Other Deductions)**.....	
<b>Surplus and Undivided Profits at end of year</b> .....	

\* Any large items could be detailed in the publication.

\*\* The actual published caption will be a specification of the deduction in each particular case.

### How to Prepare Form

Instructions for the preparation of "Condensed Report of Earnings for Shareholders and Others" are based on the earnings and dividends form now adopted by the three Federal banking agencies.

In preparing the "Condensed Operating Earnings Report" from the figures in the Federal earnings and dividends report the only substantial adjustment of the items is that the cost of operating the bank premises should be shown as a net item of expense irrespective of whether the bank rents its premises or operates an office building. This avoids the distortion of income for some banks by rent received from office space or salaries and wages to building employees.

(The numbers and headings below refer to the Federal earnings and dividends form)

**CURRENT OPERATING EARNINGS—** Interest on Loans..... The amount of item 1 (b)  
"Interest and Discount on Loans"

Interest and Dividends on Securities.. The amount of item 1 (a)  
"Interest and Dividends on Securities"

Other Current Operating Earnings.... The total of items 1 (c) through 1 (g) less the amount of "Rent Received," which has been included in item 1 (g), which amount will be netted in

## 2 New Simplified Forms Reduce Bank Work

### A.B.A. Committee Makes Report

The new uniform earnings and dividends report form and the simplified condition report, prepared by an A.B.A. committee in cooperation with Federal supervisory agencies, have resulted in a substantial saving in bank operating time.

G. Fred Berger, chairman of the Committee on Bank Report Form Simplification of the A.B.A. Bank Management Commission, says in his report to Commission Chairman William A. McDonnell:

"As a result of the manner in which the three Federal supervisory agencies have cooperated and because 30 state supervisory authorities have adopted the new E and D forms, your Committee believes that the work necessary to compile these reports has been greatly reduced and a considerable duplication of work in filling out the forms has been eliminated. It believes also that compilation of the figures contained therein for the preparation of the usual summaries which are made for statistical purposes will have been greatly facilitated."

#### The Committee

Mr. Berger's committee consisted of Louis W. Bishop, Rowland R. Hughes and Raymond G. Marx. His report

(Continued on page 54)



W. A. McDonnell



G. F. Berger

the Expense block as instructed under "Other Current Operating Expense." Hence this caption will include all Service Charges, Commissions, Trust Department Earnings and Other Current Earnings except Rent.

#### CURRENT OPERATING EXPENSES—

Interest Paid..... The total of items 2 (d) and (e), which are Interest on Deposits and on Borrowed Money.

Salaries and Wages..... The total of items 2 (a) and (b) less Salaries and Wages paid to building employees, which should be included under Other Current Operating Expenses, as instructed there. Hence this caption will include Salaries of all officers and employees excepting building employees.

Other Current Operating Expenses.... The total of items 2 (c), (f), (g) and (h), 7, and Salaries and Wages paid to building employees less "Rent Received." Hence this caption will include fees paid to directors and committees, all taxes, including income taxes, Other Current Operating Expenses and the net total of building items, including depreciation and building wages with "Rent Received" netted there against.

## Bank Forms Committee Reports

(Continued from page 53)

traced the extensive work done by the Committee on the new forms, including its conferences with the Comptroller of the Currency, the Federal Reserve Board, and the FDIC. The Committee met last Fall to consider the forms then in use.

"These forms," said the report, "as then prescribed by the respective agencies, differed in some particulars and your Committee believed that standardization and simplification of them by the Federal Agencies should be the basis from which similar uniformity of reports required by state supervisory agencies could be arranged.

"As a result of these meetings, suggested forms for Earnings and Dividends as well as Condition Reports were drafted with the view of submitting them to the three departments for their consideration and adoption. Our Earnings and Dividends form included as the principal differences from the forms then in use, the items of net building operations, and income taxes as a part of operating expenses. The other main difference contained in our form was that of memorandum subtotals of various of the items contained in the report in order that these subtotals could be transferred directly to a suggested condensed standard form for use in making a summary of the Earnings and Dividends Report available.

### Washington Meetings

"Meetings were then held in the Washington Office of the

American Bankers Association and in the office of Cyril Upham, Deputy Comptroller of the Currency, at which were present, in addition to the members of your Committee, representatives from each of the supervisory agencies. These representatives considered carefully the recommendation of your Committee and advised that they were collaborating on the preparation of a uniform Earnings and Dividend Report as well as a uniform and curtailed form of Call Report which forms have since been made available to banksthroughout the country for use in filing their current reports. The items contained in Section 1 (items 1-8 inc.) of the new Earnings and Dividends Report provided by each of the three Federal Agencies are similar and while there are some differences in the manner in which the three reports reconcile from period to period, the information necessary to compile them is the same, regardless of whether the bank is a national bank, a state bank member of the Federal Reserve System, or a state bank member of the Federal Deposit Insurance Corporation.

### Schedules Eliminated

"The content of the new call report form has been shortened by the elimination of a number of schedules which were formerly required, but as a result of its adoption by the three agencies, the same information under the same heading is being required.

"During the period of these

meetings it was learned that a Committee of the New York State Bankers Association was working along somewhat similar lines to formulate a standard Earnings and Expense Report for use in providing information for stockholders, reporting services, financial departments of insurance companies, and for the treasurers of other large corporations who are evidencing increased interest in the receipt of such information from banks. Your Committee had undertaken to evolve a condensed Earnings and Expense Form which could be used for this purpose and this material was made available to the New York Committee. Early in December a complete agreement on the part of both Committees resulted in the issuance of a simple, standard form which includes provision for interest on loans and interest on securities together with earnings from other current operations; also the principal items of expense, such as interest paid, salaries and wages and other current operating expenses. There is also provided a reconciliation of surplus and undivided profits for the period being reported. Copies of this condensed form (with the suggested method for its compilation from the new E and D form) were made available to such of the membership of the Association as desired them.

"The Committee also is informed that the uniform Earnings and Dividends Report Form as issued by the Federal Deposit Insurance Corpora-

## A.B.A. Council

(Continued from page 33)

W. B. Worthen Company, Bankers, Little Rock;

Tom K. Smith, president, The Boatmen's National Bank, St. Louis;

Samuel C. Waugh, executive vice-president and trust officer, The First Trust Company, Lincoln, Neb.

Administrative committee-men named by Mr. Hemingway are:

H. Donald Campbell, president, The Chase National Bank, New York;

Robert V. Fleming, president, The Riggs National Bank, Washington, D. C.;

Herbert D. Ivey, president, Citizens National Trust and Savings Bank, Los Angeles;

Tom K. Smith, president, The Boatmen's National Bank, St. Louis.

## Simms Assistant Manager of F.R.B. in Salt Lake City

David E. Simms, national president of the American Institute of Banking, has been made assistant manager of the Salt Lake City Branch, Federal Reserve Bank of San Francisco, California.

Mr. Simms joined the staff of the branch in 1919. He was appointed accountant of the institution in 1928 and later became acting assistant manager.

tion has been adopted by a large majority of the state supervisory authorities."

## CONVENTIONS

*Because of the war and special conditions prevailing at this time the dates of meetings are subject to change.*

### American Bankers Association

Feb.	9-11	Wartime Conference on Trust Problems, Waldorf-Astoria, New York
April	9-14	Spring Meeting, Executive Council, Waldorf-Astoria, New York
June	9-10	American Institute of Banking, Chicago

May 26-27	Indiana, Indianapolis
June 16-18	Minnesota, Hotel Nicollet, Minneapolis (tentative)
June 23-24	Wisconsin, Milwaukee

### State Associations

May 25-27	Texas, Ft. Worth
-----------	------------------

Feb. 8	Financial Advertisers Association, Regional Conference of the National Officers, Edgewater Beach Hotel, Chicago
May 17-18	Industrial Bankers Association, Edgewater Beach Hotel, Chicago

### Other Organizations

With RECORDAK  
—created 15 years ago  
to protect banks against  
fraud —

Banks can give their vital  
financial records  
**VAULT PROTECTION**  
against wartime hazards

YOU know, of course, that your Recordak protects your bank against fraud . . . that its records are photographically accurate . . . that its "files on film" cannot be tampered with or altered without detection.

But today Recordak is performing another vitally important protective service—safeguarding irreplaceable financial records of banks and depositors against the wartime dangers of bombing and fire.

Valuable records, filed on Recordak Film, "shrink" to a mere 2% of their normal size . . . may easily be stored in the bomb- and fireproof security of your bank's vault. Or a duplicate of

the "film file" may be sent away for safekeeping. Then, should the original documents be destroyed, exact facsimiles can be reproduced from the unharmed photographic records.

Protection, however, is only one of your Recordak's invaluable services. Equally noteworthy is *Recordak Speed* (copying 100 checks per minute is routine for Recordak) . . . *Recordak Accuracy* (the camera can't make mistakes) . . . *Recordak Savings* (up to 33½% in labor . . . 40% in machines . . . plus a full 50% in stationery expenses). Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Avenue, New York, N. Y.

One of a series on

# RECORDAK

wartime safety contributions

... THE ...  
**PHILADELPHIA  
NATIONAL BANK**

**Organized 1803**

December 31, 1942

**RESOURCES**

Cash and due from Banks . . . . .	\$213,194,414.93
U. S. Government Securities . . . . .	375,279,847.52
State, County and Municipal Securities . . . . .	19,593,994.24
Other Securities . . . . .	38,429,702.99
Loans and Discounts . . . . .	81,461,520.95
Bank Buildings . . . . .	2,600,000.00
Accrued Interest Receivable . . . . .	1,837,303.70
Customers Liability Account of Acceptances . . . . .	772,021.77
	<hr/>
	\$733,168,806.10

**LIABILITIES**

Capital Stock . . . . .	\$ 14,000,000.00
Surplus and Net Profits . . . . .	33,869,233.85
Reserve for Contingencies . . . . .	3,048,171.53
Reserve for Taxes . . . . .	1,776,315.07
Dividend (Payable January 2, 1943) . . . . .	875,000.00
Unearned Discount and Accrued Interest . . . . .	164,909.57
Acceptances . . . . .	1,007,744.95
Deposits . . . . .	678,427,431.13
	<hr/>
	\$733,168,806.10

EVAN RANDOLPH, *President*

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

**Philadelphia, Pa.**

# This Changing Bank World

WILLIAM HURD HILLYER

MR. HILLYER, who writes regularly for financial publications, was for many years connected with James Talcott, Inc., the factoring house. Author of the book "Keys to Business Cash," Mr. Hillyer here takes a quick look into the future as he sees it.

A TRANSFORMATION is taking place in the function and structure of business credit. Starting at the short-term topsoil, the mutation is now reaching for the roots of permanent capital. The war's end will conceivably witness a change, comparable to the supplanting of individual enterprise by corporations in the 19th Century. The bank depositor and insurance policyholder will tend to supplant the small shareholder and bondholder as primary sources of corporate funds.

The chief motive for such a change will be to effect a broader distribution of risk. Already banking and institutional funds, either direct or through factors and finance companies, are beginning to displace individually held investment capital. Where stocks and bonds would formerly have been distributed by investment bankers, loans and participations are being taken by banks and by other financial concerns, having special supervisory facilities. The latter obtain the bulk of their funds at low interest from the banks or, in the case of insurance companies, from the general public. Direct participation by insurance companies in any form of industrial financing, however, is severely limited by legal restrictions and thus far plays a minor part in the movement.

THE war has served to accelerate a related and already existing tendency, stemming from the swollen bank reserves of the mid-1930's and the growing scarcity of short-time paper. The so-called "term-loan"—defined as a bank loan to a business enterprise, repayable in more than one and in less than 15 years—was the first step towards a more liberal policy. The term-loan appeared in the Federal Reserve summary of banking portfolios as a separate item during 1937. Its outstandings had already passed the \$800,000,000 mark. Since then the figures have mounted to more than \$2,000,000,000 and are steadily rising. This shift is most evident among major banks. The average term-loan that banks have been granting is relatively large—about \$600,000—though the trend is towards smaller units.

Meanwhile, there has been a drift towards sub-marginal credits, impelled by the urgent needs of small and medium-sized war contractors. This drift has been directed to sub-marginal channels. Government lending agencies and commercial financing companies are supplying quasi-equity capital where the banks leave off. Commercial financing companies, less hedged about by restrictions and carrying a greater burden of idle money, are taking the lead in diversification of method. The

percentage of their assets, invested in semi-capital commitments, is steadily rising.

Finance companies have felt the war impact more severely than other moneyed institutions. Up to the past year the greater part of their business, as everyone knows, has been the discounting of instalment paper arising from the sale of consumer durable goods. The two largest of such companies, either direct or through factoring subsidiaries, have for some time past done an increasingly heavy business in the purchase and discounting of approved accounts receivable. Such receivables did not, however, exceed 10 per cent of the outstanding assets of the two companies prior to 1942.

While total volume shrank, "factoring receivables" volume rose sharply, accounting for more than 60 per cent of the two companies' combined business during the first six months of 1942. Even after this increase, the companies were left with nearly \$100,000,000 of idle cash. Furthermore, they still hold a substantial amount of instalment paper which is being liquidated.

THE factoring receivables outlet, while temporarily widened through war activity, is reaching its limits by reason of competition from the banks and of Federal advances and guarantees that make it unnecessary.

In addition, the "old-line" factor faces a diminishing market, now that so many concerns have Uncle Sam as their sole customer. A large proportion of the factor's in-

From the New York Herald Tribune

## Finance Plan Gains

Credits on Accounts Receivable Are Reported Expanding  
Small and medium-sized manufacturing and trade firms now secure more than \$2,500,000,000 in credits annually on their accounts receivable, according to a survey on business financing announced yesterday by the National Bureau of Economic Research here. This type of financing of receivables, has been expanding since before the war and promises to play an important part in post-war activities, the bureau said.

The study shows that in 1941, one of every four banks in the country supplied funds to small business on their accounts receivable with total volume of nearly \$1,000,000,000, while a further increase probably occurred in 1942. Factoring companies financed receivables to the extent of more than \$1,000,000,000 in 1941 while commercial finance companies had a volume of about \$500,000 in that year.

come is in the form of fees, arising from the assumption of credit risk. There is no room for this function in financing government orders. Factoring subsidiaries of finance companies are correspondingly affected. They, as well as the banks, are therefore seeking new ways to employ their money and talents. The pressure is greater upon the factor and finance company than upon the banks, because the former have to earn a profit on borrowed funds in order to survive.

Until quite recently, factors and finance companies have limited their operations to the financing of completed transactions. Before their services could be brought into play, the product must have been finished, sold, and in most cases, delivered to and accepted by the purchaser.

The war progressively loosened these restrictions. First to go was the requirement that the goods be completed before money was advanced. General market merchandise having become almost a thing of the past, the typical product is now made up on order, either directly for the Government or for a government contractor.

A further circumstance compelling banks and finance companies to seek equity positions is the ceaseless liquidation of civilian industry. Solvent concerns that are unable to fit into the war picture are constantly going out of business. This complicates the problem, both for banker and finance factor, by swelling the idle funds on deposit with the one, while numerically reducing the possible clients of the other. Impetus of such liquidation is in contrast with the shrinking number and volume of bankruptcies. Meanwhile the exigencies of war production, requiring capital for plant improvements, strive to break down the barriers between fixed and current funds, thus opening the way for a liberal lending policy.

The two largest finance companies are now definitely committed, not merely to semi-permanent capital investments, but to basic equity positions,—and others are following. According to officers of one major finance company, plans can now be "developed for more active participation in the war effort, both by loans to war industries and by stock ownership in concerns engaged in such production." A definite policy for the acquisition of equities is announced.

Officials of the two companies cited are careful to emphasize the "tailor made" character of their service, which cuts a different pattern of financing for each client.

THE war has been responsible for changing the policies of all lending firms and institutions in respect to quasi-equity capital. This change has been wrought in respect to small as well as large transactions. The war production demands of smaller industrial enterprises have brought into being new ways of helping them, and have resulted in a reexamination of their needs. Efforts in this direction have been particularly marked among the smaller factors, according to Theodore E. Silbert, executive secretary of the Association of Commercial Discount Companies. Mr. Silbert estimates that from 15 to 20 per cent of the \$150,000,000 annual volume handled by members of his association now represents quasi-equity and war capital transactions. This is more

than a five-fold increase as compared with a year ago.

The smaller factor has the time and patience to work out financial details for prospective clients whose low gross turnover would make the accounts uninteresting to prime sources of credit, such as the banks and largest factors. These smaller factors have for some time past led the way in furnishing what is known as "subsidy" capital—that is to say, any sort of advance to a client over and above his outstanding accounts receivable.

It would seem that a new design of commercial and industrial finance is in the making. War and its aftermath will probably force the banks and factoring firms to assume the now neglected role of investment bankers. The finance company will tend to usurp the function of the somewhat outmoded investment trust.

Commercial banks will expand their field of term-loans to include smaller units, but will continue to lack both the corporate powers and the special supervisory technique for furnishing quasi-equity capital.

This type of capital will therefore be increasingly available through finance factoring concerns, which in turn will obtain low-interest funds from the banks.

However, in view of the decreased liquidity of such investments, borrowing by finance factors will not be so largely on a short-time basis as at present. Two- and three-year debentures, already prominent in the major finance companies' capital structure, will play an increasingly important part in the balance sheets of their smaller colleagues. Banks will find such debentures attractive for their term-loan portfolios.

THE banks will eventually be compelled to segregate demand and time deposits more sharply, in order to keep their own respective structures well balanced. Necessity for such a step will increase as their freedom of action is further curtailed. Even that very substantial portion of their assets involved in government securities will be less and less under the banker's control by reason of narrowing market and semi-official restrictions.

Insofar as deposits payable on demand are concerned, the function of the banker has for some time past been little more than that of a custodian. This function will tend to become wholly distinct from his traditional role of monetary middleman. As such he will be forced by diminishing returns on commercial paper into the new design of industrial financing.

War needs have now created their customary illusion of prosperity. By their very nature they have multiplied the interference, without erasing the pattern. Meanwhile, the small or independent enterprise, having been slowly strangled during the past decade, is now approaching extinction under wartime strain. It is generally conceded that relief must be tangible and basic.

The inadequacy of all mere palliatives, including Federal aid, is not so well recognized. Such palliatives are conceived and administered in a political atmosphere, with the result that the aid is uneven in character. It also impairs the structure of privately owned business by making it the perpetual debtor of public lending agencies.

These new aims, which we have been examining, represent an effort on the part of a free-enterprise economy to adjust itself for survival.

## This Hasn't Happened Here—But

Incendiary bombs haven't rained on America yet—but annually thousands upon thousands of American homes are destroyed by fire. Many, undoubtedly most, of such fires can be prevented.

Remember, each burned home now represents destruction of essential materials. Insurance can only furnish the funds to replace them.

Loss of your home by fire thus means serious consequences to you and just that much loss to a fighting nation. Make it your wartime policy

to be fully insured and to Be EXTRA careful about Fire!

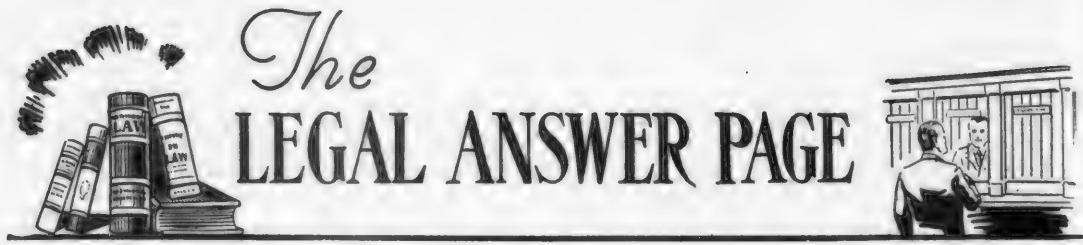
*Fire insurance normally protects your property. But today, unless you have War Damage Insurance, you are not protected against loss of home, business property or other possessions through enemy attack.*

*For the protection of its citizens, the Federal Government has set up the War Damage Corporation to put this special low-cost insurance within reach of all. Any Home agent or your own broker will be glad to give you full details.*

★ THE HOME ★  
*Insurance Company*  
NEW YORK

FIRE • AUTOMOBILE • MARINE INSURANCE





# The LEGAL ANSWER PAGE

## *Bank Directors—Liability*

*Is there any late case bearing on the duties and liabilities of a bank director?*

THIS is a particularly pertinent question at this time of the year when many bank directors begin their service. *Michelsen v. Penny* (*Dist. Ct. N. Y. 1941*) 41 Fed. Supp. 603, was an action against the chairman of the board of a national bank, involving some \$2,000,000. The 28-page opinion might well be read by every bank director; while it construes the National Bank Act, the law of a particular state may be the same as that stated by the court. In any event, any bank director who heeds the warnings of the court can avoid pitfalls. While the court's position may possibly not be fully sustained by later court decisions, until modified it should be heeded.

Space permits a mention of only a few of the high spots of the opinion as follows:

**1. General standard of care; reliance on executive committee.** Bank directors —

. . . are bound generally to use every effort that a prudent business man would use in supervising his own affairs, with the right, however, ordinarily to rely upon the vigilance of the executive committee to ascertain and report any irregularity or improvident acts in its management. [p. 610]

**2. Basis of liability.** The duties and liabilities of national bank directors are of two kinds: (1) those imposed by statutes, charter, and by-laws and (2) the common law duty of honesty and diligence. The latter is in no way impaired by the National Bank Act. In fact statutory provisions may indirectly enlarge the common law liability as shown in the discussion relative to disqualified directors.

**3. Disqualified directors.** The court summarized the statutory qualifications of a director of a national banking association by stating that he —

. . . must (1) during his whole term of service, be a citizen of the United States, and (2) at least three-fourths of the directors must have resided in the state, territory or district in which the association is located, or (3) within 50 miles of the location of the office of the association, for at least one year immediately preceding their election, and (4) must be residents of such state or within a 50-mile territory of the location of the association during their continuance in office. (5) Every director must own in his own right shares of the capital stock of the association of which he is a director of a certain prescribed par value. [p. 613]

(A state by state digest of the statutory qualifications of state bank directors is found on pages 213 to 215 of Volume I of the new *Paton's Digest*.)

The National Bank Act provides that a director who becomes disqualified "shall thereby vacate" his directorship and the court held that an unqualified director is an "interloper," personally liable for loss due to an act in

which he participates, without showing that the loss was the proximate result of the disqualification.

In the particular case a number of the directors of the national bank were held to be disqualified because they did not own stock of the bank in their own right but had stock transferred to their names upon signing a non-interest-bearing note which could be discharged by returning the stock.

**4. Participation in acts of disqualified directors.** Defendant, chairman of the board, was held liable for "such losses as came to the depositors through the unwarranted and unlawful acts of his chosen dummies," to whom he transferred stock as above noted, including losses due to their violation of the provisions of the National Bank Act.

**5. Ignorance of banking.** The following excerpt indicates some of the matters which a bank director should know:

As a director he was thoroughly incompetent. His ignorance of the procedure of banks in general and of this bank in particular was abysmal. . . . He had made no effort to prepare himself for the job. He was unfamiliar with the National Banking Act. He did not know how many vice-presidents the bank had, how it was organized by departments, whether it dealt in foreign exchange, who represented the bank in the management of the clearinghouse association, whether there was a regular independent audit of the bank's books, what employees of the bank were bonded, what precautions there were against burglary and hold-ups, how many tellers the bank had or what were their functions, what forms of insurance the bank carried, whether the vault had a timelock, or whether there was a separate savings or thrift department. [p. 616]

**6. Duty to investigate.** The requirement for the statutory liability of a national bank director that a statutory provision be "knowingly" violated is satisfied if he "deliberately refrains from investigating that which it was his duty to investigate."

**7. Non-attendance at directors' meetings.** During a three-year period, the defendant chairman of the board attended three out of 26 regular and special board meetings. His ill health and trips abroad were held insufficient excuses for non-attendance under all the circumstances, which indicated that he "treated the bank's business as of secondary consequence." [p. 616] The court said that in view of his prior record of non-attendance he should have resigned before taking a trip around the world. (This discussion suggests the wisdom of resigning upon entering military service.)

The opinion in the *Michelsen* case is in substance a supplement to pages 265 to 274 of Volume I of the new *Paton's Digest*, which are particularly valuable because of extensive quotations from opinions of the United States Supreme Court and other outstanding court cases relating to liabilities of bank directors.



# THE NEW YORK TRUST COMPANY

100 BROADWAY

MADISON AVENUE AND 40TH ST.

TEN ROCKEFELLER PLAZA

## CONDENSED STATEMENT OF CONDITION At the close of business, December 31, 1942

### ASSETS

Cash on Hand and in Federal Reserve Bank . . . . .	\$134,838,208.39
Exchanges, Collections and Other Cash Items . . . . .	37,309,868.51
United States Government Obligations—Direct and Guaranteed . . . . .	326,995,936.70
Other Bonds and Securities . . . . .	25,117,731.19
Loans and Discounts . . . . .	140,601,228.92
Interest Receivable, Accounts Receivable and Other Assets . . . . .	1,699,583.21
Customers' Liability for Acceptances . . . . .	92,110.06
Real Estate Bonds and Mortgages . . . . .	3,431,213.93
Equities in Real Estate . . . . .	1,059,005.32
Banking Premises—Equity . . . . .	2,024,598.09
	<hr/>
	\$673,169,484.32

### LIABILITIES

Deposits . . . . .	\$614,499,284.81
Outstanding and Certified Checks . . . . .	<u>14,278,016.16</u>
Dividend Payable January 2, 1943 . . . . .	437,500.00
Accounts Payable, Reserve for Taxes and Other Liabilities . . . . .	1,804,420.50
Acceptances . . . . .	117,828.91
Capital . . . . .	12,500,000.00
Surplus . . . . .	25,000,000.00
Undivided Profits . . . . .	<u>4,532,433.94</u>
	<hr/>
	\$673,169,484.32

United States Government obligations and other securities carried at \$108,018,866.82 in the above statement are pledged to secure United States Government deposits of \$99,619,588.43 and other public and trust deposits and for other purposes required by law.

### TRUSTEES

MALCOLM P. ALDRICH <i>New York</i>	FRANCIS B. DAVIS, JR. <i>Chairman of the Board</i> <i>United States Rubber Company</i>	HOWARD W. MAXWELL <i>New York</i>
ARTHUR A. BALLANTINE <i>Root, Clark, Buckner &amp; Ballantine</i>	F. TRUBEE DAVISON <i>President, American Museum of Natural History</i>	HARRY T. PETERS <i>New York</i>
JOHN E. BIERWIRTH <i>President</i>	RUSSELL H. DUNHAM <i>Chairman of the Board</i> <i>Hercules Powder Company</i>	SETON PORTER <i>President, National Distillers Products Corporation</i>
JAMES C. COLGATE <i>Bennington, Vt.</i>	SAMUEL H. FISHER <i>Litchfield, Conn.</i>	DEAN SAGE <i>Sage, Gray, Todd &amp; Sims</i>
ALFRED A. COOK <i>Cook, Nathan, Lehman &amp; Greenman</i>	WILLIAM HALE HARKNESS <i>New York</i>	MORRIS SAYRE <i>Executive Vice-President</i> <i>Corn Products Refining Co.</i>
WILLIAM F. CUTLER <i>Vice-President</i> <i>American Brake Shoe &amp; Fdy. Co.</i>	B. BREWSTER JENNINGS <i>Socony-Vacuum Oil Co., Inc.</i>	VANDERBILT WEBB <i>New York</i>
		MEDLEY G. B. WHELPLEY <i>Guggenheim Bros.</i>

Member of the Federal Deposit Insurance Corporation

# METHODS *and* IDEAS

## Staggered Statements

*E. S. Woolley, vice-president and comptroller of the First National Bank in Palm Beach, and a well-known bank analyst, here discusses one way for banks to save time and money.*

**T**HE loss of experienced personnel and the greatly increased volume makes the elimination of all unnecessary work in banks imperative today. Some banks are finding that the adoption of the small statement form for checking accounts is a real time and money saver.

There are many, however, which hesitate to adopt it for fear of the depositors' reaction. This fear is groundless if the depositors are advised in advance, which, of course, they are entitled to be. This was proved by one bank which sent out the following notice with the last statements prepared in the old way:

### "To Our Checking Account Depositors:

"Your bank is streamlining its operating methods and eliminating all unnecessary duplications and waste motions. One of these which we believe will be of great help to both of us is the elimination of sending depositors a detailed list of the ledger postings of their accounts.

"All that you, as a depositor, use a bank statement for is to reconcile the balance shown on your records with that shown on the bank's books. To do this, all you need is the last balance and the returned vouchers.

"Beginning next month you will receive a short statement form, such as enclosed, together with all checks, debit memos and deposit tickets. The deposit slips will bear the bank's stamp showing the date the deposit was made. This really gives you more information than the present long statement form and saves the bank, not only work but a great deal of paper, which is very important to the war effort.

"Another unnecessary practice has been that of preparing all statements as of one day. In the interest of efficiency this is also being changed and the statements will be 'staggered' throughout the month hereafter.

"In accordance with this plan, we have tentatively set the day for sending you your statement, between the 1st to 5th of each month. If for any reason

BLANK NATIONAL BANK	
Statement of Account of	Date _____
<input type="checkbox"/>	THE BALANCE IN YOUR CHECKING ACCOUNT AS OF THE CLOSE OF BUSINESS ON THE ABOVE DATE, WAS \$ _____
<input type="checkbox"/>	All Checks and Deposit Slips received since your previous statement was rendered are returned herewith
<input type="checkbox"/>	Number of Checks _____
<input type="checkbox"/>	Number of Deposits _____
BUY WAR BONDS WITH YOUR EXTRA CASH	

### Short Statement Form

this is not agreeable to you, will you please call or correspond with us and it will be changed to a mutually agreeable day."

**O**UT of over 2,400 accounts less than 50 depositors registered any complaints and those did not object to the short statement form, but merely wanted their statements on a calendar month basis.

The instructions for the internal operations are as follows:

#### INSTRUCTIONS FOR STATEMENTS

##### General

Statements will be "staggered"

The New York Trust Company posts war news pictures on this bulletin board in its lobby—gets posters from syndicated service



throughout the month in the case of commercial accounts and throughout a three-monthly period in the case of the no-minimum-balance checking accounts.

No statements will be prepared on Saturdays, Mondays or days following holidays.

No-minimum-balance account statements will be made only once a week—on Thursdays. On this day no commercial statements will be prepared.

The statement forms for both commercial and no-minimum-balance accounts will be run through the address machine in duplicate and sorted according to statement days.

As these statement days become fixed, they will be shown on the address machine plates and sorted on the machine by the days.

When the addressed statement slips are given to the bookkeeping department, they will be filed in the tickler files according to days they are to go out.

Deposit slips, debit memos and checks will be filed daily, according to accounts.

No photographing will be made of the debit memos or "on us" checks until the statements are prepared. Deposit slips will be photographed daily before filing.

#### PREPARATION OF STATEMENTS

##### Bookkeepers

The bookkeepers will count the number of debits and credits as shown on the ledger sheet, entering these on the places provided on the statement form.

They will enter the last ledger balance on the statement slip in the place provided. (Note: Last balance and number of items can be entered on the statement slips in pen and ink.)

(CONTINUED ON PAGE 64)



America's Only **COMPLETE LINE**  
of **WOOD** Filing Cabinets  
*The Guardsman*

ENGINEERED FOR  
DURABILITY...

DESIGNED FOR  
VERSATILITY...

**A UNIT  
TO MEET YOUR EVERY FILING NEED**

● In 1943, banks must continue to function as efficiently as in peacetime . . . more efficiently, in fact, for there is today far more paper work than ever before, and far fewer people to do it.

Of course all available steel now goes to war producers . . . but business records must still be housed conveniently and efficiently. And only Remington Rand can furnish the "Guardsman" . . . the only truly complete line of wood filing equipment.

The Guardsman line is just as superlative as any item which bears the Remington Rand label. It's built to last . . . and to match in operation, as it does in appearance, your "pre-war" steel files.

See the "Guardsman" at your nearby Remington Rand office today . . . or write to us at Buffalo for a copy of the new full-color manual, "Filing Equipment in Wood." Buy "Guardsman" with confidence . . . use it with satisfaction!

**NO PRIORITY RATING REQUIRED**

*The Guardsman . . .*

another distinguished contribution to your office efficiency in today's wartime economy . . . from

5-DRAWER LETTER
5-DRAWER LEGAL
4-DRAWER LETTER
4-DRAWER LEGAL
3-DRAWER LETTER
3-DRAWER LEGAL
2-DRAWER LETTER
2-DRAWER LEGAL
3-DRAWER JUMBO
6-DRAWER 8x5 CARD FILE
TABULATING CARD FILE
5x3 SUBSTITUTE DRAWERS
6x4 SUBSTITUTE DRAWERS
8x5 and 8x8 CROSS TRAYS
MAP and PLAN UNITS
TRANSFER CASES

**Remington Rand**

## METHODS—Continued

They will date the slips with rubber stamp dater and rubber stamp "Statement" below last balance figure on ledger sheet.

They will then turn the statement slips over to the file clerks.

Statements will be made for filled ledger sheets as the ledger sheets are filled on individual accounts.

### File Clerks

When the statement slips are received from bookkeepers, count the items as follows: (a) checks from signatures; (b) deposits and debit memos from names.

See that the counts of the actual items agree with counts shown on the statement slips.

Put rubber band around statement slip and items of each account separately with the statement slip on the outside.

Photograph statement slip and items, putting the statement slip into the machine first, followed by the items of each account.

Put statement slip and items into open faced statement envelope for mailing.

The reason deposit slips are photographed daily is that the endorsements

are not photographed on other bank items, and it would be too much work to search the files in case of lost items or telegraphic advices on returns.

The chance of statements going out with wrong items is greatly reduced under this method because those who are counting the actual items do not see the ledger sheet. This count has to agree with the number of debit and credit postings counted from the sheet by the bookkeepers. Under the old system it was too often that amounts were checked, which permitted errors to escape detection.

Unless the statements are "staggered" the photographing of all items would need to be done daily, otherwise the month-end "peak" would be increased.

While the short statement method works better in banks with photographic equipment, still banks without this equipment can use it. The only difference would be that they could not return the deposit tickets. These could be filed with the checks by depositors, however, during the month and transferred as statements are prepared. They would then be easier to refer to than filing by days.

# The First National Bank of Chicago

Statement of Condition December 31, 1942

### ASSETS

Cash and Due from Banks, . . . . .	\$ 422,762,176.80
United States Obligations—Direct and fully Guaranteed,	
Unpledged, . . . . .	\$585,150,826.89
Pledged—To Secure Public Deposits and	
Deposits Subject to Federal Court Order, . . . . .	317,489,806.94
To Secure Trust Deposits, . . . . .	27,720,150.17
Under Trust Act of Illinois, . . . . .	<u>517,746.34</u> 930,878,530.34
Other Bonds and Securities, . . . . .	73,299,591.61
Loans and Discounts, . . . . .	328,477,482.91
Real Estate (Bank Building), . . . . .	4,553,622.58
Federal Reserve Bank Stock, . . . . .	2,400,000.00
Customers' Liability Account of Acceptances, . . . . .	735,296.40
Interest Earned, not Collected, . . . . .	3,754,706.88
Other Assets, . . . . .	<u>221,442.53</u>
	\$1,767,082,850.05

### LIABILITIES

Capital Stock, . . . . .	\$ 30,000,000.00
Surplus, . . . . .	50,000,000.00
Other Undivided Profits, . . . . .	3,156,772.93
Discount Collected, but not Earned, . . . . .	577,265.26
Dividends Declared, but Unpaid, . . . . .	750,000.00
Reserve for Taxes, etc., . . . . .	4,932,246.70
Liability Account of Acceptances, . . . . .	881,141.56
Time Deposits, . . . . .	\$ 174,386,483.42
Demand Deposits, . . . . .	1,163,834,373.99
Deposits of Public Funds, . . . . .	<u>338,553,159.45</u> 1,676,774,016.86
Liabilities other than those above stated, . . . . .	<u>11,406.74</u>
	\$1,767,082,850.05

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

### Reducing Overactivity in Savings Accounts

IN MAY 1939 the IRVINGTON (NEW JERSEY) NATIONAL BANK in analyzing its savings accounts realized that most of these accounts under \$500 were not savings accounts at all. There was great activity in putting the money in and taking it out but it was evident that the depositors had no serious intention of accumulating a savings fund.

Interviews with customers which have proven successful in some institutions did not work for the Irvington National. So it made a rather daring experiment of charging for withdrawals which the board of directors considered excessive.

Since that time, depositors with balances under \$500 have been entitled in semi-annual interest periods to one withdrawal for every \$100 on balance. Additional withdrawals are subject to an "activity charge" of 15 cents each payable at the time of withdrawal. Hence, balances of \$100 are entitled to one withdrawal per period; \$200, two withdrawals per period, etc.

Assistant Cashier Herbert A. Berghof has kept a very close check on the effect. Through periodic analyses the bank has been able to determine definitely that the charge, which was designed to

correct an abuse rather than raise revenue, has been a decided success.

Mr. Berghof has provided BANKING with a summary of his analysis of the savings department after three years' experience with a withdrawal activity charge.

The summary shows clearly that the charge has cut withdrawal activity in the class \$5 to \$200 by over 72 per cent and deposit activity by over 44 per cent with a drop of only 5.11 per cent in number of accounts and a loss of funds of 4.7 per cent. During the period under review, the department as a whole experienced a 52.45 per cent drop in withdrawal activity, 28.23 per cent drop in deposit activity, 5.27 per cent increase in number of accounts, and 22.96 per cent increase in total funds on deposit. Since the analysis on size as of July 1942, the deposits in this department have increased at the rate of \$100,000 per month.

### Allegro

ONE OF THE staff activities of the NORTHERN TRUST COMPANY of Chicago bears fruit several times a year when the mixed employee chorus of 54 voices appears on the bank's weekly program.

The chorus, directed by Harry S. Walsh, rehearses each Thursday at 5 o'clock in the bank dining room. The organization is in its fourth year. One of its major concerts was given last Spring at Great Lakes Naval Training Station for a group of 5,000 sailors. At Station WGN their six radio broadcasts have drawn capacity studio audiences of 600 people. The chorus is self-governed, collects moderate dues from members and concludes each season with a dinner and dance.

The American National Bank of Nashville seeks to save man hours with these instructional plaques at tellers' windows

### Your WAR TIME is valuable!

#### Help Us Save It By...

1. Having your deposit ticket and items to be deposited ready.
2. Verifying the addition of your deposit slip.
3. Endorsing your checks before reaching window.
4. Promptly informing teller cashing check denominations desired, if you have a preference.
5. Using our "Bank-by-Mail" service.
6. Having payroll form complete.
7. Having your change list complete.

AMERICAN NATIONAL BANK

## Wise planning



Wise planning will give trust promotion a major part of your bank's 1943 advertising appropriation, to make the most of an unprecedented opportunity to get trust business.

Wise planning — based on many years of experience — makes Purse advertising unusually effective.

Write today for full details.

### The PURSE Company

Chattanooga, Tennessee

Headquarters for Trust Advertising

## American Bankers

### Keep Reliably Informed on Canadian Conditions

Any bank executive may have our monthly bulletin—"Business Summary"—by writing to one of our American Offices or to the Head Office in Montreal.

This bulletin, briefly reporting industrial and trade conditions, is condensed from information received by the Bank of Montreal from branches throughout Canada and Newfoundland.

Executives of banks doing or contemplating business with Canada are invited also to make specific inquiries regarding conditions affecting their business or interests. Such inquiries may be directed either to



our American representatives or to the Head Office.

Our Offices in the United States are open doors to Canada for all the modern, experienced banking services of Canada's oldest bank, with assets of over a billion dollars safeguarding a million deposit accounts.

NEW YORK: 64 Wall Street

SAN FRANCISCO: 333 California St.

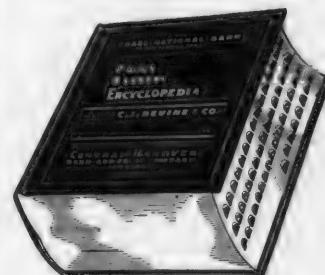
CHICAGO: 27 South LaSalle St.

HEAD OFFICE—MONTREAL  
Branches throughout Canada and Newfoundland

## BANK OF MONTREAL

ESTABLISHED 1817

THE GENERAL LAYOUT  
and  
COPYRIGHTED FORM IN



### THE PURPLE BOOK

PROVIDES GREATER UTILITY  
EASILY ACCESSIBLE



Send for illustrated folder



## R. L. POLK & CO.

PUBLISHERS

ESTABLISHED 1870



431 Howard St.  
Detroit, Michigan



This is the chorus of the Northern Trust Company of Chicago, assembled in Radio Station WGN (story on preceding page)

### Pledge

ONE WAY to impress upon employees the responsibility of conserving time and supplies is suggested by the MERCANTILE-COMMERCE BANK AND TRUST COMPANY of Saint Louis. Upon initiating an anti-waster's program, all employees were asked to sign a conservation pledge. Conscience, it seems, has as much to do with halting wastefulness as any instructions that may be issued.

### Time Savers

THE BANK management sub-committee of the ILLINOIS BANKERS ASSOCIATION recently made the following time-saving suggestions to its membership after an extensive operations survey:

Use divided drawers instead of spindles. Spindles are dangerous. The handling of checks is an unnecessary practice, which saves little, if any, time for the teller, but frequently impedes tabulating as some checks are rendered unsuitable for use in a machine.

Safe deposit rentals may be charged to the account of a checking department customer if a provision for that action is placed in the contract signed. This saves sending a renewal notice, and the usual follow-up.

Financial statements may be mailed to borrowers with the request that they be filled in, signed and remailed to the bank. Retention of the mailing envelope adds the "use of the mails to defraud" to crimes involved in issuing a false statement. (Incidentally, there have been decisions which stated that financial statements in the handwriting of the banker and signed by the borrower are not good for all legal purposes, unless the signature is acknowledged by a notary. A financial statement in the writing of the borrower and signed by the borrower is legally proper without such acknowledgment.)

Customers should be required to fill out their own deposit slips. Place placards to this effect at counters. Time is saved and arguments may be avoided. Do not allow deductions from deposits. If a customer wishes cash from a batch of checks deposited, require that he write a separate check. This saves time and the possible cause for dispute later.

Remittance letters often carry more information than is necessary. Elimination of all but essential data saves checking time.

For many years, some banks have spent from 16 minutes to an hour daily to save perhaps 15 minutes' checking time once a month. In the event a large item is to be traced, it can be found through deposit tickets. Procedures

(CONTINUED ON PAGE 68)

### STATEMENT OF CONDITION

## Mercantile-Commerce Bank and Trust Company

Locust ~ Eighth ~ St. Charles  
St. Louis

DECEMBER 31, 1942

•

### THE RESOURCES

Cash and Due from Banks . . . . .	\$79,124,380.43
U. S. Government Obligations, direct and guaranteed (including \$37,280,126.85 pledged*) . . . . .	111,420,669.27
Other Bonds and Securities . . . . .	30,212,055.62
Demand and Time Loans . . . . .	43,318,583.85
Stock in Federal Reserve Bank in St. Louis . . . . .	420,000.00
Real Estate (Company's Building) . . . . .	2,790,536.40
Other Real Estate (Former Bank of Commerce Bldgs.) . . . . .	1,500,000.00
Overdrafts . . . . .	39,431.12
Customers' Liability on Acceptances and Letters of Credit . . . . .	172,880.37
Other Resources . . . . .	16,086.67
	<hr/>
	\$269,014,623.73

### THE LIABILITIES

Capital Stock . . . . .	\$10,000,000.00
Surplus . . . . .	4,000,000.00
Undivided Profits . . . . .	\$3,875,684.13
Reserve for Dividend Declared . . . . .	150,000.00
Reserve for Interest, Taxes, etc. . . . .	4,025,684.13
Unpaid Dividends . . . . .	474,078.46
Bank's Liability on Acceptances and Letters of Credit . . . . .	2,417.55
Other Liabilities . . . . .	172,880.37
Deposits, Secured: Public Funds . . . . .	9,074.94
Other Deposits, Demand . . . . .	30,745,111.38
Other Deposits, Demand . . . . .	187,459,677.64
Other Deposits, Time . . . . .	32,125,699.26
	250,330,488.28
	<hr/>
	\$269,014,623.73

\*All Securities pledged are to the U. S. Government or its Agents, State of Missouri and the City of St. Louis, to secure deposit and fiduciary obligations.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# THE NATIONAL CITY BANK OF NEW YORK

*Head Office · 55 WALL STREET · New York*

## *Condensed Statement of Condition as of December 31, 1942*

*(In Dollars)*

### INCLUDING DOMESTIC AND FOREIGN BRANCHES

#### ASSETS

Cash and Due from Banks and Bankers.....	\$ 901,172,805
United States Government Obligations (Direct or Fully Guaranteed).....	1,988,096,539
Obligations of Other Federal Agencies.....	40,685,588
State and Municipal Securities.....	157,477,345
Other Securities.....	41,153,413
Loans, Discounts, and Bankers' Acceptances.....	573,450,840
Real Estate Loans and Securities.....	5,463,330
Customers' Liability for Acceptances.....	3,630,239
Stock in Federal Reserve Bank.....	4,650,000
Ownership of International Banking Corporation.....	7,000,000
Bank Premises.....	38,160,040
Other Assets.....	731,142
<i>Total</i> .....	<u>\$3,761,671,281</u>

#### LIABILITIES

Deposits.....	\$3,555,940,023
(Includes United States War Loan Deposit \$639,736,171)	
Liability on Acceptances and Bills.....	\$ 5,949,927
Less: Own Acceptances in Portfolio.....	1,492,112      4,457,815
Items in Transit with Branches.....	9,551,054
Reserves for:	
Unearned Discount and Other Unearned Income.....	2,226,619
Interest, Taxes, Other Accrued Expenses, etc. ....	7,602,320
Dividend.....	3,100,000
Capital.....	\$77,500,000
Surplus.....	77,500,000
Undivided Profits.....	23,793,450      178,793,450
<i>Total</i> .....	<u>\$3,761,671,281</u>

Figures of foreign branches are as of December 23, 1942, except those for enemy-occupied branches which are prior to occupation but less reserves.

\$775,828,299 of United States Government Obligations and \$13,564,326 of other assets are deposited to secure \$732,519,800 of Public and Trust Deposits and for other purposes required or permitted by law.

*(Member Federal Deposit Insurance Corporation)*

## METHODS—Continued

which in the final analysis do not result in a net saving of time, money or effort, should be changed.

Allot identifying numbers to customers habitually depositing a quantity of out-of-town checks and use a number instead of writing out the name of the last endorser on the remittance letter.

Eliminate non-essential information.

### Community Honor Roll

Two HYDE PARK (Ohio) banks—THE NORWOOD-HYDE PARK BANK & TRUST CO. and the Hyde Park branch

of the SECOND NATIONAL BANK of Cincinnati—are cooperating in a novel fund-raising plan to finance the community's service roll of honor. Large posters in both banks ask: "Have you sponsored a boy's name for the honor roll trophy? Get your certificate here!" The certificates are issued by the banks at \$1 each. Sponsored names of the 1,200 local men in service are posted on a 15-foot victory column, which has been placed on the esplanade of Hyde Park Square.

Copy on the certificate: "This is to certify that you have sponsored a boy's name placed on the Honor Roll Trophy

for Victory. You have contributed to a fitting symbol of appreciation, and a tribute to a boy from our community, called to the service of our country. Be an aid in his spiritual guidance, pray for his safe return, remember him, write to him. Join the farewell party—come to Hyde Park Square the morning the boys leave, get their autographs on this certificate. Keep it as a remembrance."

A special seal on the certificate is used to prevent the door-to-door racketeering on similar projects which seems to be prevalent in some cities.

### Sunday Service

THE UNION NATIONAL BANK, Marquette, Michigan, has dedicated its Sunday evening radio program on WDMJ to a "Service of prayer for the boys who are in the armed services of their country." An invitation to listen was addressed recently to parents, friends and sweethearts. This type of show appeals to strong emotions as headlines tell of growing offensives on land, sea and in the air.

### Breakfast Club

NEW YORKERS are early risers—a fact which makes an ideal morning radio audience. To help commuters et al to begin the day with a grin, and remind them of thrift for rainy days ahead, the DRYDOCK SAVINGS INSTITUTION in Manhattan sponsors "Ed East in Breakfast in Bedlam" four times weekly on Station WJZ. During a previous test period, the bank offered a booklet, "Your Peace of Mind Budget Plan." The program's brought 12,648 requests.

### Gesture

THE SAFETY of unissued ration coupon books has been a big headache to local rationing boards. It is said that the so-called black market in gasoline was greatly encouraged on the eastern sea-

(CONTINUED ON PAGE 70)

# You need it Now EAGLE A can deliver



EAGLE-A  
TROJAN BOND  
for general business uses,  
stationery forms, etc.

EAGLE-A  
TROJAN RECORD  
for accounting uses, contracts,  
broadsides

EAGLE-A  
Trojan Onion Skin  
for air-mail, multiple copies,  
file copies

EAGLE-A  
Trojan Duplicator  
ideal for direct process duplicating  
equipment

Facsimile Watermarks of  
Eagle-A Trojan Group

Eagle-A has geared its production facilities to maintain a steady flow of Eagle-A TROJAN Business Papers to meet commercial war time needs.

This Eagle-A group of 25% rag papers is made to help you maintain your "communication lines"... to keep production rolling by means of "form controls" to speed bookkeeping and accounting work.



Eagle-A TROJAN Bond is a beautiful 25% rag content paper that definitely gives correspondence "attention-value"; provides a range of colors for departmental identification, and weights to fulfill every business requirement.

Be sure to specify Eagle-A TROJAN Bond, Ledger, Onion Skin and Duplicating Paper for better quality and superior operational advantages, at no extra cost. Printers, Lithographers, Engravers and Stationers have these papers in stock, or can obtain them without delay.

Ask your supplier for samples today or write direct to

AMERICAN WRITING PAPER CORPORATION • HOLYOKE MASS.



# Canned goods or Copra...



## From Coast to Coast and Border to Border

The Lawrence System of Field Warehousing is the leading method of obtaining advances against inventory assets. We issue bankable warehouse receipts for canned goods or copra or coal or cement or for almost any other kind of merchandise. In practically all cases stocks remain right on the premises of the originator or distributor. Normal processing and marketing schedules need not be interrupted. For further information telephone or write any Lawrence office.

## LAWRENCE SYSTEM *field warehousing*

FOR BANK LOANS AGAINST INVENTORY



New York: 72 Wall St • Chicago: 1 No. LaSalle St • San Francisco: 37 Drumm St • Los Angeles: W.P. Story Bldg.  
Buffalo • Boston • Philadelphia • Kansas City • St. Louis • New Orleans • Charlotte, N.C. • Jacksonville, Fla.  
Minneapolis • Dallas • Houston • Denver • Fresno • Portland, Oregon • Seattle • Spokane • Honolulu

## METHODS—Continued

board by the sale of thousands of stolen books, which, for the want of a better place, had no better protection than a desk drawer in local board offices.

At least one board was saved embarrassment by the goodwill gesture of a neighboring bank. When this wave of pilfering began, the FIRST NATIONAL BANK & TRUST COMPANY of Kearny, New Jersey, offered the use of a large safety deposit box to the West Hudson Rationing Board as a courtesy service. The offer was accepted in the nick of time, for the following morning thieves

left the office in shambles. Now the board withdraws from the bank's vault only the number of books likely to be used in handling each day's applications.

### Receipt vs. Check

THE LEWISBURG TRUST & SAFE DEPOSIT CO., Lewisburg, Pennsylvania, recently installed a new withdrawal order for use as a counter form. It is a receipt rather than a check. It is stamped "Not Negotiable—For Use Only by the Depositor of This Bank." The usual "Pay to the Order of" is changed to "Received from my commercial account at the," etc. The form also carries a stub

on which the depositor may keep a record of the withdrawal.

Says Daniel F. Green, president: "My understanding is that the counter check was or is primarily intended for use as the name designates. However, we all realize that it is frequently used in place of a regular check. Realizing the danger of having counter checks available to anyone, we substituted a non-negotiable counter receipt." This form has been commended for member use by the PENNSYLVANIA BANKERS ASSOCIATION.

### Tri-Tax Tables

A POCKET FOLDER of easy-reading tax tables, designed to simplify tedious computation, has been issued by the PUBLIC NATIONAL BANK AND TRUST COMPANY, New York City. With its novel gate-fold format, one can find at a glance his status on Federal, estate and gift taxes. The tables, applying to practically all brackets, show the amount of reduction in both estate and income tax resulting from a stated gift of part of the taxpayer's property. By means of tabulations it is a simple matter to compare the total prospective estate, gift and income taxes on taxable property both before and after the gift. They also enable one to ascertain quickly the amount of gift taxes on each gift, and bring all figures pertaining to each prospective gift into juxtaposition with related income and estate tax tabulations.

### Anti-hoarding

HERE'S an activity your bank might encourage locally: A recent news tidbit from Fort Wayne, Indiana, tells how students of the James Smart school collected 60,000 pennies for the Treasury's coin return program. In celebration of this achievement both the superintendent and president of the board of trustees addressed the student body and honored classes which overran their quotas. Principals from all city schools were invited to attend the meeting and each received a new coin counter upon signifying their intention to participate in the drive.

### Service

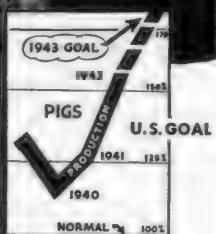
THE HOME STATE BANK, Lawrence, Michigan, has an idea that seems to be greatly appreciated by service men. Cashier Homer Shoop discovered that local service men in training and abroad were constantly writing back home for addresses of friends and buddies who meanwhile had also joined the service. He decided that a directory of Lawrence service men published by the bank

(CONTINUED ON PAGE 72)



## English firemen raise hogs in bombed cellars

**I**N ENGLAND even the firemen help increase food production. For hog pens they frequently use cellars of demolished buildings. Despite bombings and manpower shortage, the English have increased agricultural production materially. Yet, while doing its part, England still must import huge quantities of food. The United Nations' needs, including those of our own Army, Navy and Marines, are tremendous. That is why American farmers, regardless of their great achievements, have a big job ahead in 1943. City dollars flow, through the Federal intermediate credit banks and local lending institutions, to the farms to finance production. Hence, buyers of the debentures, issued by these banks, are making an important contribution to the production of vital war materials.



### THE FEDERAL INTERMEDIATE CREDIT BANKS

SPRINGFIELD, MASS.  
BALTIMORE, MD.  
COLUMBIA, S. C.

LOUISVILLE, KY.  
NEW ORLEANS, LA.  
ST. LOUIS, MO.

ST. PAUL, MINN.  
OMAHA, NEB.  
WICHITA, KAN.

HOUSTON, TEX.  
BERKELEY, CAL.  
SPOKANE, WASH.

Further information regarding the Debentures may be obtained from  
CHARLES R. DUNN, Fiscal Agent

31 Nassau Street, New York, N. Y.

# Re: Ration Banking



IBM Proof Machines were used successfully during the recent test period of Ration Banking conducted in New York State.

We wish to remind all banks now equipped with IBM Proof Machines that these same facilities are available for handling the Ration Banking Plan as announced by the Office of Price Administration.

*We shall be very glad to furnish complete information upon request.*

INTERNATIONAL BUSINESS MACHINES CORPORATION



INTERNATIONAL NEWS

Here are the officers of the business and professional men's training class which is taking the Army's orientation course at Fort Leavenworth, Kansas. *Left to right:* Bradley Kelly, vice-president, King Features, historian; W. P. Jacobs, vice-president, Cotton Manufacturers Association of South Carolina, vice-president; W. A. Patterson, president, United Air Lines, president; W. W. Crocker, president, Crocker First National Bank, San Francisco, vice-president; Randolph Bryan, vice-president, Second National Bank, Houston, secretary; T. H. Barton, president, Lion Refining Company, treasurer

## *Prompt and Reliable* INFORMATION ABOUT CANADA

Through our 545 Branches in Canada, the New York Agency is in close touch with every phase of Commercial and Financial activity in the Dominion and is well equipped to assist and serve corporations, firms and individuals interested in Canada.

### THE CANADIAN BANK OF COMMERCE

HEAD OFFICE . . . TORONTO, CANADA

S. H. LOGAN, President

A. E. ARSCOTT, Executive Vice President

S. M. WEDD, General Manager

NEW YORK AGENCY: Exchange Place and Hanover Street

Agents: C. J. STEPHENSON — N. J. H. HODGSON

### METHODS—Continued

would be a good piece of public relations. The list and last known addresses were obtained from the local newspaper and copies were mailed to each member and their families. A note at the bottom of the list asked each man to cooperate in sending notices of address changes to the bank for publishing a revised list from time to time.

### *Victory Book Campaign*

ENDORSEMENT of the 1943 Victory Book Campaign sponsored by the American Library Association, the American Red Cross and the United Service Organization to provide books for men and women in the armed forces is announced by W. L. Hemingway, president of the American Bankers Association.

The committee has suggested that by way of practical help banks may adopt last year's successful practice of providing a basket or other container in their lobbies with a poster calling attention to the campaign and inviting customers to deposit their books therein. Local libraries will provide such posters and will collect the books. In addition, complete information may be obtained from these local libraries.

Mr. Hemingway's statement follows:

"I am very glad of the opportunity to further the work of the campaign because I so thoroughly believe in the wisdom of providing our fighting men with good books for them to read during their rest periods. I know of no better means of bringing to these men the rest and relaxation as well as the intellectual development, that will come from reading worthwhile books."

As a part of the A.B.A. Advertising Department's monthly series of advertisements, an institutional ad has been designed supporting the Victory Book campaign and inviting customers to leave books at the banks.

### CONDENSED STATEMENT FIRST NATIONAL BANK IN ST. LOUIS

*At the Close of Business, December 31, 1942*

#### RESOURCES

Loans and Discounts	\$ 74,992,279.45
U. S. Government Securities	165,255,891.28
Other Securities Guaranteed by U. S. Government	4,577,469.26
Other Bonds and Stocks	9,429,385.81
Stock in Federal Reserve Bank	453,000.00
Banking House, Improvements, Furniture and Fixtures	482,273.73
Other Real Estate Owned	1,450,717.59
Customers' Liability a/c Letters of Credit, Acceptances, etc.	686,726.79
Accrued Interest Receivable	698,685.62
Overdrafts	5,095.45
Other Resources	5,324.54
Cash and Due from Banks	103,614,815.29
	\$361,651,664.81

#### LIABILITIES

Capital—Common	\$ 10,200,000.00
Surplus and Profits	10,288,734.77
Dividend Declared, Payable February 27, 1943	240,000.00
Reserve for Taxes, Interest, etc.	482,973.77
Unearned Discount	129,883.26
Liability a/c Letters of Credit, Acceptances, etc.	717,346.29
Other Liabilities	12,512.64
Individual Deposits	\$187,255,664.39
Savings Deposits	31,810,274.57
Bank Deposits	116,473,706.15
Government Deposits	65,925.00
City of St. Louis and Other Public Funds	3,974,643.97
Total Deposits	\$339,580,214.08
	\$361,651,664.81

*The above statement reports net deposits in accordance with instructions of Comptroller of Currency.*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO

*Statement of Condition, December 31, 1942*

## RESOURCES

Cash and Due from Banks.....	\$ 549,633,355.97
United States Government Obligations, Direct and Fully Guaranteed.....	1,295,006,645.31
Other Bonds and Securities.....	62,155,698.45
Loans and Discounts.....	269,693,310.51
Stock in Federal Reserve Bank.....	3,000,000.00
Customers' Liability on Acceptances.....	353,392.98
Income Accrued but Not Collected.....	4,334,500.64
Banking House.....	11,700,000.00
Real Estate Owned other than Banking House.....	1,582,551.32
	<hr/> <hr/>
	\$2,197,459,455.18

## LIABILITIES

Deposits.....	\$2,052,097,478.20
Acceptances.....	353,392.98
Reserve for Taxes, Interest and Expenses.....	6,407,167.52
Reserve for Contingencies.....	17,237,486.54
Income Collected but Not Earned.....	380,523.58
Common Stock.....	50,000,000.00
Surplus.....	50,000,000.00
Undivided Profits.....	20,983,406.36
	<hr/> <hr/>
	\$2,197,459,455.18

United States Government obligations and other securities carried at \$449,321,320.01 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

*Member Federal Deposit Insurance Corporation*

# Ration Banking Inventory



OPA's Central Inventory Unit, Empire State Building, New York City, will perform two functions in the national set-up of ration banking. The first was initiated last month when 19,000 ration banking manuals were mailed to banks, clearinghouse associations, Federal Reserve banks, field men, etc.



Left, James M. Gillen, head of the Central Inventory Unit; right, Guy F. Evered, regional ration banking specialist



PHOTOS BY JOHN MC CANN

Future bulletins, notices of changes in procedure, explanatory booklets, etc., will also clear through this department

Banks will return statistical reports on forms to this office, where a battery of posting machines will make national and state consolidation reports on ration banking activity for Washington headquarters



WEINAN & LESTER  
BANKING

# Heard Along Main Street

*Including News from Bankers in Service*

ONE of the first Americans ashore when the marines took over Guadalcanal last Summer was a banker.

He's Lieutenant JAMES J. HANLEY, Jr., who left the credit department of the Chemical Bank and Trust Company, New York, to serve with the United States Marines.

Lieutenant HANLEY commanded a boatload of marines in the first wave of our troops that stormed Guadalcanal.

"In fact," he wrote a friend in the bank, "my boat was the first to hit the beach of the several craft comprising the right assaulting party, so you can say



the Chemical representative was one of the very first arrivals."

Continuing in a banking vein, the letter says:

"New business prospects are not good. The Japs have not welcomed my advances, maintaining that their affairs (banking, of course) are in the capable hands of the Bank of Taiwan, Bank of Chosen, and Tojo & Co. Do not care to follow up until about 40 years from now."

In a subsequent land offensive on the island, Lieutenant HANLEY's regiment led the attack.

"Our company was in the battalion assault. And guess who was the poor shavetail who was out in front of the whole shebang. Right—J. J. Hanley, Jr., formerly of the Credit Department!"

Writing to his father, James J. Hanley of General Motors Acceptance Corporation, not long after the marines attacked Guadalcanal, Lieutenant HANLEY said:

"Hope you can read this. Using Jap ink. Poor stuff."

Another letter, which was written



Lt. Porter



Lt. Pattison



Lt. Amburn

while the transport was en route to the Solomons, said:

"Within a week our regiment will again have made history. And I'll be right smack in the middle of it, for I'm in the very first wave. My boat will be the first to hit the beach. It's going to be a big thing, all right, and I'm glad to be in on it. When this letter arrives you will have weeks before read the account of the battle. It will be the first American offensive; in fact the first United Nations' offensive. And it will be the first wartime landing by the Marine Corps in its history."



THREE bankers were in the graduating class of aerial observers who received observers' silver wings at Brooks Field, Texas, recently. They are:

Lieutenant EDWARD R. AMBURN, formerly of the National Bank of Commerce, Norfolk, Virginia; Lieutenant ALFRED M. PATTISON, former teller in the Bank of America, Riverside, California; and Lieutenant ROBERT G. PORTER, formerly with the real estate department of the Provident Trust Company, Philadelphia.



Captain ALEXANDER BRIGHT, a Cambridge, Mass., banker, was the intelli-

The First National Bank of Boston keeps a record of the locations of former employees in the service by the use of a large map and tabs bearing the men's names. In the picture are Misses Dorothy Twombly, left, and Adelaide Whittier



gence observer in a United States Army Flying Fortress, that downed three Nazi fighter planes on a raid on the German submarine base at L'Orient.

The Fortress was wheeling away after bombing the U-boat pens on the French Atlantic coast, when a 20-millimeter shell from an attacking Focke-Wulf-190 knocked out the pilot, blew off the top of the oxygen apparatus and admitted a freezing hurricane into the plane at the dangerously rarified 21,000-foot level.

One of the motors had been knocked out by the hit and another was missing badly. As German fighters continued the attack the navigator Captain

Capt. Bright



BRIGHT, who went along on this the Fortress' eighth raid as a spare gunner, got in five bursts with the bombardier's gun. Another shell exploded in the rear

of the plane, injuring the tail turret gunner, but he kept firing and nailed one of the Focke-Wulfs.

The ball turret gunner brought down a Messerschmitt 109, another crewman got another Focke-Wulf, and the left waist gunner scored another probable on a Focke-Wulf—making the big bomber's score, despite the crew's injuries, three enemy planes downed and one probable.



Flight Lieutenant J. E. PEAT of the R.C.A.F., formerly a member of the Royal Bank of Canada staff, reported the experiences of a flight squadron on a bombing mission in the Fall issue of "The Royal Bank Magazine," from which we quote:

"At 2,000 feet I move forward to set the first course on the pilot's compass, give him the airspeed at which to fly, and he guides the plane on its way, slowly climbing.

"The front and rear gunners are in their turrets watching for enemy planes, as even over England we have been attacked; the wireless operator is busy listening in, and the second pilot is in the astro dome keeping watch. . . .

"About 8,000 feet we see the coast of England below and locate our position to check the wind. . . . It is now that we feel alone, as below there is nothing but darkness except for patches of moonlight on the water, while above us a few straggling clouds are black rocks in the sky. All but the front windows are blacked out to prevent reflections attracting Jerry, and we have no illumination within the plane other than an occasional dot from a penlight, and that only when necessary.

"After a time the front gunner is clearly heard shouting 'Flak and searchlights ahead!' and we know we have reached the Dutch coast and are in for a hectic few minutes. Now Jerry is busy seeking for us with his searchlights, but we are lucky and get through without being caught, a few shots bursting a hundred yards or so behind us. Now everybody is really awake as the chance of interception by night fighters is ever-present and everyone is keyed up. . . .

"Suddenly through the ear-phones comes the cry from the front gunner that searchlights and flak are ahead, and glancing at the map I know something is wrong; as we should be eight miles southwest of Bremen. . . .

"'Peat,' the pilot shouts, 'how about getting rid of that damn load!' and I make a dive for the front, forgetting parachute and all. Now, with a few directions, we are over a spot which seems to have a terrific concentration of ack,

# THE NORTHERN TRUST COMPANY

CHICAGO

*Statement of Condition, December 31, 1942*

## RESOURCES

Loans and Discounts.....	\$ 46,621,685.74
U. S. Government Securities.....	216,219,041.27
(Including \$32,000,000.00 pledged to secure deposits of U. S. Government and other public monies, as required by law)	
Other Bonds and Securities.....	96,100,762.66
(Including \$500,000.00 deposited with State Authorities under Trust Act)	
Federal Reserve Bank Stock.....	270,000.00
Bank Premises.....	1,400,000.00
Customers' Liability, Account Letters of Credit and Acceptances.....	228,211.62
Other Resources.....	497,590.00
Cash and Due from Banks.....	124,843,678.35
<b>TOTAL.....</b>	<b>\$486,180,969.64</b>

## LIABILITIES

Capital Stock.....	\$ 3,000,000.00
Surplus Fund.....	6,000,000.00
Undivided Profits.....	5,700,190.27
Reserve for Taxes, Interest, etc.....	11,743,824.24
Dividend Payable January 2, 1943.....	135,000.00
Letters of Credit and Acceptances Outstanding.....	266,747.85
Other Liabilities.....	87,624.88
<b>Deposits:</b>	
Demand.....	\$379,501,268.57
Time.....	79,746,313.83      459,247,582.40
<b>TOTAL.....</b>	<b>\$486,180,969.64</b>

Member Federal Deposit Insurance Corporation

ack, but the bursting of the shells and the firing of the guns blind me to any detail of the ground below, so I push the button releasing our load of bombs, hoping that a few Jerries are consigned to you-know-where, as they have given us hell for quite a few minutes, and this may help even the score.

"After my cry of 'Bombs gone!' the pilot shouts, 'What's the next course?' and I reply, 'Steer south for five minutes and get the hell out of this!' Five minutes later when we are in the clear



Lt. Peat

once more and things have quieted down we start for home."

Lt. PEAT, after receiving training in Canada and England joined his squadron on June 1, 1941. After nine months of service he returned to Canada and was posted to Kingston as a navigation instructor. He joined the Royal Bank of Canada staff in 1929 at Fort William, later working at Kenora, Ottawa and Montreal.

★

Lieutenant ARNOLD J. CARLSON, Navy Supply Corps, and former bank manager, has been reported as the only banker the Nipponese have managed to lay hands on.

A message to his wife telling of his whereabouts came by short wave radio from Japan recently and was recorded by a listening post of the United Press in San Francisco. It said:

"Am safe and well-treated and maintained at Zentuji prison camp on the island of Shokoku. Take particular care of both June bugs. . . . I miss you very much and hope you are not worried. All my love to you and my best to all. We hope for an exchange of prisoners soon. Arnold."

Mrs. Carlson, who is with her parents in Seattle, was sure that the message was from her husband since he mentioned "June bugs" which referred to their two automobiles.



## Buffalo gave a President to the United States

*the year the Marine was founded*

IT was in July 1850 that Millard Fillmore was called to the Presidency of the United States by the death of his predecessor, President Taylor. In that same year, only a month later, the Marine Bank was born.

Since then this nation has fought its way to glory through many wars, now stands knee-deep in another. Just as it has done before, Buffalo is once again contributing its full share toward victory. This time, Buffalo's contribution is a giant one, for the city has grown and prospered greatly in the 92 years since the Marine was founded. We feel a justifiable pride in the part we have played in Buffalo's development. We are determined that the future shall be even more glorious than the past.

## MARINE TRUST COMPANY OF BUFFALO

*A Marine Midland Bank*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Lieutenant CARLSON since his graduation from college in 1941 had been employed in a San Francisco bank and was transferred to Guam to manage the bank at Aguana.



ELLIOTT V. BELL has left his editorial desk and typewriter at the New York *Times* to become Superintendent of Banks of New York State.

Mr. BELL was appointed to that office by his intimate friend, Governor Thomas E. Dewey, who said the state was "extremely fortunate" in getting the services of the new superintendent.

For many years an expert financial reporter who specialized in money and

Elliott V. Bell, left,  
and Governor Thomas  
E. Dewey



banking, Mr. BELL has had a long and close association with the banking sys-



INTERNATIONAL NEWS

tem which, he said, is now called upon to do the "very big job" of buying a large proportion of the securities the Government must sell to finance the war.

"Our banks are all ready to do that, of course," Mr. BELL asserted, "and can do it because they have enormous strength. But in carrying out this program each individual bank will have to meet its own special problems. The supervisory authorities—national and state—have got to help the banks solve these problems."

Mr. BELL's appointment was announced by Mr. Dewey at a press conference prior to the latter's inauguration as Governor. At the conference the Governor-elect handed reporters a brief typewritten sketch of Mr. BELL, written by the appointee at the insistence of Mr. Dewey who said it was "too modest."

The sketch said Mr. BELL was born in New York on September 25, 1902, that he was graduated from the New York City public schools and from Columbia University, and that after several years of travel and free-lance writing he joined the Wall Street staff of the New York *Herald Tribune* as a specialist in money and banking. Later that year (1929) he moved to the *Times* which assigned him to report banking and money market news. Subsequently he became assistant financial news editor.

In 1939 Mr. BELL served as economic consultant to Mr. Dewey and took part in the latter's pre-Presidential campaign. In 1940 he was on Wendell L. Willkie's advisory staff, and in 1941 joined the *Times*' editorial board. He also was consulting economist of the New York City Committee on Unemployment.

From 1932 to 1939 he acted as American correspondent of *The Banker*, British banking journal. He has contributed to numerous American financial journals, including *BANKING*.

## Guaranty Trust Company of New York

Fifth Ave. at 44th St.

140 Broadway

Madison Ave. at 60th St.

London: 11 Birch Lane, E. C. 3; Bush House, W. C. 2

### Condensed Statement of Condition, December 31, 1942

#### RESOURCES

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers	8 640,745,488.93
U. S. Government Obligations	1,692,372,867.88
Public Securities	46,676,486.16
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities and Obligations	21,754,946.79
Loans and Bills Purchased	563,913,215.91
Credits Granted on Acceptances	1,207,213.88
Accrued Interest and Accounts Receivable	7,634,055.83
Real Estate Bonds and Mortgages	1,686,078.11
	<b>2,983,790,353.49</b>
Bank Buildings	10,603,604.19
Other Real Estate	1,104,664.63
Total Resources	<b>\$2,995,498,622.31</b>

#### LIABILITIES

Deposits	\$2,676,622,241.77
Treasurer's Checks Outstanding	21,639,937.96
	<b>\$2,698,262,179.73</b>
Acceptances	\$4,722,150.08
Less: Own Acceptances Held for Investment	3,514,936.20
	<b>1,207,213.88</b>
Liability as Endorser on Acceptances and Foreign Bills	73,911.00
Foreign Funds Borrowed	152,550.00
Dividend Payable January 2, 1943.	2,700,000.00
Items in Transit with Foreign Branches and Net Difference in Balances Between Various Offices Due to Different Statement Dates of Foreign Branches	1,309,555.54
Miscellaneous Accounts Payable, Accrued Taxes, etc.	9,246,152.82
	<b>2,712,951,562.97</b>
Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	22,547,059.34
Total Capital Funds	<b>282,547,059.34</b>
Total Liabilities	<b>\$2,995,498,622.31</b>

Securities carried at \$617,335,858.62 in the above Statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

This Statement includes the resources and liabilities of the English Branches as of December 26, 1942, French Branches as of September 30, 1942, and Belgian Branch as of October 31, 1941.

Member Federal Deposit Insurance Corporation

JOHN T. SCOTT, chairman of the board of directors of the First National Bank in Houston, has finished 50 years of continuous service for the bank.

Mr. Scott's long career with the bank began January 1, 1893, when he joined the staff as general bookkeeper. He was successively promoted to assistant cashier, cashier and vice-president, and in January 1915 was elected to the presidency, continuing in that post for 15 years when he became chairman of the board in an active capacity. His 50th anniversary found him still actively serving as chairman.

During his half century of continuous service he has seen Houston develop from a country town to a metropolitan center with a population of nearly a half million. The bank he serves has grown from a capital of \$100,000 and deposits of less than \$1,000,000 to its present-day proportions.

Numerous activities and honors have marked Mr. Scott's career. For many years he was a director of the Federal Reserve Bank of Dallas. Always public spirited, he has served Houston and Texas in many civic enterprises. For 30 years he has been chairman of the board of stewards of the First Methodist Church of Houston, the largest Methodist Church in the South. For 25 years he has been a trustee of Rice Institute and, for a number of years has been vice-chairman of the board. He is a former member of the board of regents of the University of Texas and a director in numerous corporations.

Mr. Scott was born at Camden, Mississippi, on October 10, 1870. He came to Houston as a boy, his first job being a bookkeeper's post in a wholesale drug store. From there he went to the First National Bank.

John T. Scott



KAIDEN-KAZANJIAN

ON DECEMBER 1, last, C. L. COBB, president of the Peoples National Bank of Rock Hill, South Carolina, celebrated his 31st anniversary as copywriter of the daily advertisement published by his bank in the Rock Hill *Evening Republican*. The advertisements, which have appeared without interruption and without repetition since 1911, are "columns" of comment, advice, information, and inspiration treated from the local angle.

He frequently scoops the paper itself in news; occasionally gives it a verbal spanking for policies, but on the whole he writes what he thinks and his efforts are one of the more widely read daily features of the paper.

Banker COBB got printer's ink into his veins as a newsboy of nine. When 14 he gave up a hundred dollar a month news stand for a five dollar a month bank messenger's job, and then went on to organize the largest bank in the Fifth Congressional District of South Carolina.

C. L. finds time for still another means of keeping his bank remembered respectfully by the 20,000 citizens of his community. He operates a free "employment agency" which has for 20 years found jobs for hundreds of local folks.



WILD AND WOOLLY headhunters in the Naga Hills section of northeastern

## Bank of America NATIONAL TRUST AND SAVINGS ASSOCIATION

### CALIFORNIA'S ONLY STATEWIDE BANK

*Condensed Statement of Condition December 31, 1942*

#### RESOURCES

Cash in Vault and in Federal Reserve Bank . . . . .	\$ 350,278,009.96
Due from Banks . . . . .	254,769,374.78
<b>TOTAL CASH</b> . . . . .	<b>\$ 605,041,384.74</b>
Securities of the United States Government and Federal Agencies . . . . .	1,043,061,518.77
State, County and Municipal Bonds . . . . .	172,982,016.46
Other Bonds and Securities . . . . .	45,985,908.52
Stock in Federal Reserve Bank . . . . .	3,720,000.00
Loans and Discounts . . . . .	840,469,960.29
Accrued Interest and Accounts Receivable . . . . .	7,735,711.04
Bank Premises, Furniture, Fixtures and Safe Deposit Vaults . . . . .	30,956,355.77
Other Real Estate Owned . . . . .	3,974,282.61
Customers' Liability on Account of Letters of Credit, Acceptances and Endorsed Bills . . . . .	16,590,257.41
Other Resources . . . . .	1,172,236.28
<b>TOTAL RESOURCES</b> . . . . .	<b>\$ 2,771,689,631.89</b>

#### LIABILITIES

DEPOSITS:	
Demand . . . . .	\$ 1,601,668,776.37
Savings and Time . . . . .	984,471,922.63
Liability for Letters of Credit and as Acceptor, Endorser or Maker on Acceptances and Foreign Bills . . . . .	16,812,501.73
Reserve for Interest Received in Advance . . . . .	4,088,920.20
Reserve for Interest, Taxes, Etc. . . . .	4,245,148.20
Capital:	
Common (4,000,000 Shares) . . . . .	\$ 50,000,000.00
Preferred (460,796 Shares)* . . . . .	9,215,920.00
Surplus . . . . .	62,000,000.00
Undivided Profits . . . . .	21,151,214.33
Reserve for War Contingencies, etc. . . . .	12,074,463.57
Other Reserves . . . . .	2,834,881.21
Reserve for Increase of Common Capital . . . . .	2,784,080.00
Preferred Stock Retirement Fund . . . . .	341,803.65
<b>TOTAL CAPITAL FUNDS</b> . . . . .	<b>\$ 160,402,362.76</b>

#### TOTAL LIABILITIES . . . . .

**\$ 2,771,689,631.89**

\*Issued at \$50 (\$20 Capital—\$30 Surplus). Annual Dividend \$2. Preferred to extent of and retireable at issue price and accrued dividends.  
This statement includes the figures of the London, England, banking office.

MAIN OFFICES IN TWO RESERVE CITIES OF CALIFORNIA  
SAN FRANCISCO LOS ANGELES



Branches throughout California united for  
strength and service



India are working as "spotters" of approaching Japanese air raiders and flash warnings on tom-toms to American airmen. The man credited with establishing this Tarzan-like system, which protects air bases in the Assam region, is Captain JAMES A. KEHOE, a thin, wiry Irishman, of Maysville, Kentucky, son of JAMES N. KEHOE, president of the Bank of Maysville.

The Nagas run way stations for stranded jeep drivers along the treacherous, twisting jungle roads in addition to observation posts perched atop bamboo stilts. Army relations with the natives are on the friendliest terms, but heavy, heavy hangs the head of enemy

tribesmen who venture too near. One chief while entertaining an American officer apologized for his small collection of shrunken craniums — it seems his trophy room of 200-odd was depleted by fire to a mere 70. The natives prefer their pay in tin cans rather than money, because they can be used as mirrors, and cook pots and have a clean cutting edge. ★

OUT or GAS? Chicago's three most inveterate walkers welcome you to their fraternity.

The three walkers, who have probably traveled more miles on foot to

and from their work than any other Chicagoans, are EDWARD EAGLE BROWN, president of the First National Bank; HERMAN WALDECK, executive vice-president of the Continental Illinois National Bank and Trust Company, and SOLOMON A. SMITH, president of the Northern Trust Company.

BROWN, WALDECK and SMITH have been walking to their offices nearly every day for somewhere between 30 and 40 years, to their best recollections, and the gasoline rationing has brought no change in their routine.

## Have You Heard?

STUART C. FRAZIER, former president of the A.B.A. Savings Division, and second vice-president of the Washington Mutual Savings Bank at Seattle, is now a first lieutenant in the Marine Corps. He reported for duty at Quantico, Va.

E. C. HARRIS, president of the Union Guardian Trust Company of Detroit, has been made vice-president of the Federal Reserve Bank of Chicago and will be chief executive officer of that institution's Detroit branch.

ROBERT V. FLEMING, president of The Riggs National Bank, Washington, D.C., has been reelected to membership in the Federal Advisory Council of the Federal Reserve System.

WINTHROP W. ALDRICH, chairman of the board of directors, the Chase National Bank of the City of New York, recently resigned the presidency of the British War Relief Society, largest American agency engaged in foreign relief, to devote his full time as organizing chairman of the newly established National War Fund, Inc., which will henceforth call for the cooperation of all major national relief agencies under his direction.

FRANK O. TOTTEN, vice-president of the Chase National Bank, heads the 1943 financial campaign of the New York City Y.M.C.A. JOHN W. BIERWORTH, president of the New York Trust Company, is treasurer.

JOHN S. ALFRIEND, president of the National Bank of Commerce, Norfolk, Virginia, was recently named treasurer of the Port of Hampton Roads Executive Committee of United Seamen's Service.

# THE NATIONAL CITY BANK OF CLEVELAND

## Statement of Condition

DECEMBER 31, 1942

### ASSETS

Cash and Due from Banks . . . . .	\$ 94,755,860.85
United States Government Obligations . . . . .	155,778,092.49
Other Securities . . . . .	12,620,486.36
Loans and Discounts . . . . .	58,039,191.03
Banking Premises Owned . . . . .	1,400,000.00
Other Real Estate Owned . . . . .	17,266.33
Customers' Liability on Acceptances and Letters of Credit . . . . .	327,625.82
Customers' Liability on Loan Commitments . . . . .	9,919,068.13
Accrued Interest . . . . .	644,611.31
Other Assets . . . . .	197,219.12
	<b>\$333,699,421.44</b>

### LIABILITIES

Capital Stock . . . . .	\$ 9,000,000.00
Surplus . . . . .	5,100,000.00
Undivided Profits . . . . .	<b>\$ 15,409,379.06</b>
Reserves . . . . .	2,396,694.05
Acceptances and Letters of Credit . . . . .	327,625.82
Loan Commitments Outstanding . . . . .	9,919,068.13
Accrued Interest and Expenses . . . . .	166,188.71
Deferred Credits and Other Liabilities . . . . .	793,465.58
U. S. Government War Loan Account . . . . .	14,250,000.00
Corporation, Individual and	
Bank Deposits . . . . .	\$242,897,824.87
Savings Deposits . . . . .	32,290,784.29
Trust and Public Deposits . . . . .	<b>15,248,390.93</b>
	<b>290,437,000.09</b>
	<b>\$333,699,421.44</b>

NOTE: United States Government obligations carried at \$31,241,783.79 are pledged to secure trust and public deposits, U. S. Government war loan account, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

FRANK HUGILL, assistant cashier in the Business Extension Department of the First National Bank and Trust Company of Tulsa, Oklahoma, is now a captain in the Army Ordnance Department.

DEAN J. WELLS, vice-president of The Commercial National Bank and Trust Company, New York City, is a captain, U.S.A., stationed in the Adjutant General's Department.

WPB has announced the appointment of WILLIAM JOHN LOGAN, formerly vice-president of the Central Hanover Bank and Trust Company, New York City, as director of its Compliance Division.

O. P. DECKER, vice-president of the American National Bank and Trust Company of Chicago on leave, has been commissioned a major in the Army. He is stationed in the Headquarters Services of Supply, Washington, where he had been serving in a civilian capacity.

WALTER J. CUMMINGS, chairman of the board of the Continental Illinois National Bank and Trust Company, and BENTLEY McCLOUD, vice-president of the First National Bank, Chicago, are among the four newly elected directors of Northwestern University.

WORD has been received from executive vice-president ROBERT H. MYERS of the Merchants National Bank, Munroe, Indiana, on leave for the past two years for active service in the Army. BOB was recently promoted to lieutenant colonel on the special staff of Headquarters, Fifth Service Command, as a military intelligence officer.

LT. COL. DUNLAP C. CLARK, stationed in Washington, D. C., with the Budget Estimates Section of the Headquarters, Service of Supply, was recently in Kalamazoo, completing a six-weeks inspection trip of military establishments, including Fort Custer at Battle Creek, Michigan.

Colonel CLARK, chairman of the board of directors of the American National Bank of Kalamazoo, has been making an advance survey of over-all fiscal activities and maintenance requirements of Posts and Stations preliminary to hearings on the 1944 military budget.

S. C. Frazier



D. J. Wells



# Ten Years of Progress

## STATEMENT OF CONDITION, DECEMBER 31, 1942

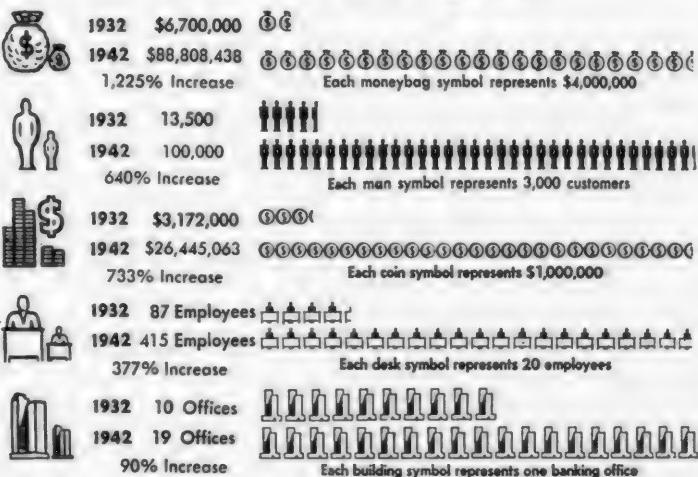
### RESOURCES

Loans and Discounts	- - - - -	\$26,445,063.06
Interest Earned, Not Due	- - - - -	214,049.79
Bank Buildings	- - - - -	605,928.01
Furniture and Fixtures	- - - - -	85,969.17
Other Real Estate Owned	- - - - -	138,336.64
Other Resources	- - - - -	67,938.83
U. S. Government Bonds	- - - - -	33,914,796.00
Other Bonds and Securities	- - - - -	5,157,171.49
Cash and Due from Banks	- - - - -	25,721,152.01
Total Resources	- - - - -	\$92,350,405.00

### LIABILITIES

Deposits	- - - - -	\$88,808,438.49
Interest Collected, Not Earned	- - - - -	312,853.89
Reserve for Interest	- - - - -	13,153.30
Reserve for Taxes	- - - - -	165,691.49
Undivided Profits	- - - - -	350,267.83
Preferred Stock	- - - - -	700,000.00
Common Stock	- - - - -	1,000,000.00
Surplus	- - - - -	1,000,000.00
Total Liabilities	- - - - -	\$92,350,405.00

### Yardsticks of Progress



The Largest of Arizona's Many Excellent Financial Institutions

## VALLEY NATIONAL BANK

SAFFORD HAYDEN CLIFTON AJO PHOENIX TUCSON CASA GRANDE GLOBE KINGMAN

MIAMI GLENDALE SUPERIOR PRESCOTT COOLIDGE MESA

CHANDLER MORENCI WILLCOX DOUGLAS

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

## Tax Refund Opportunities

(CONTINUED FROM PAGE 45)

structive base period income is made broader and far more useful to many companies than under the old law. The new provisions were again made retroactive to all excess profits tax years. Here is a real opportunity for many to study the possibilities carefully; a successful claim will often save taxes for 1940, 1941, 1942 and future years.

### Easing of Inconsistency Provisions

THE former bogey of inconsistency is not nearly so formidable this year. The new rules lighten the burden by sanctioning withdrawal from an inconsistent position (or not taking one in the first place even though that would be the correct procedure); by permitting the deduction of interest paid on back taxes; by narrowing the definition of a predecessor; and in other ways. Here again the provisions also apply to both 1940 and 1941.

### Income from Long-Term Contracts and Instalment Sales

NEW sections provide considerable relief to those reporting income from

long-term contracts upon the completed contract method of accounting and those on an instalment basis. Broadly, a long-term contractor may elect to compute its profits tax by using the percentage of completion method of accounting. Those on the instalment sales basis are permitted to use the accrual method in certain cases, where that would be advantageous. Refunds for 1940 and 1941 are possible.

It is interesting to note that while Congress has now eliminated the hope that abnormal income in the current year attributed to the base period can be used to increase the income credit, these new rules for long-term contractors do give them that privilege by special provision.

### Excess Profits Net Income Placed on Annual Basis

A CORPORATION filing an excess profits tax return for a year of less than 12 months was always required to place its excess profits net income on an annual basis by multiplying it by the number of days in a full year and dividing by the number of days in the short year. This

was liberalized in 1942 by allowing another method—using the actual income of a year beginning with (and including) the short period. For excess profits tax purposes, the new method may bring refunds for 1940 and 1941.

### New Rules Concerning Acquiring Corporations

COMPANIES which have participated in tax-free reorganizations may use the base period history of their predecessors to determine the "income credit." Sweeping changes in this part of the law were made in 1942. Generally speaking, the amendments apply only to 1942. But you do have the right to elect to apply the amendments to 1940 and 1941; if you so elect, each amendment applies to each year beginning after 1939.

The changes are quite extensive, including the use of the growth formula (formerly denied in these cases); the elimination of the need to elect when filing; the right to construct missing periods; and others.

### Other Changes

OTHER new rules permitting refunds may be mentioned quickly: the exclusion of certain "bonus income" of

## HARRIS TRUST AND SAVINGS BANK

Organized as N. W. Harris & Co. 1882 — Incorporated 1907

HARRIS TRUST BUILDING, CHICAGO

### STATEMENT of CONDITION

December 31, 1942

#### Resources

Cash on Hand and Due from Banks . . . . .	\$104,137,227.20
U. S. Treasury Bills and Certificates . . . . .	65,163,000.00
U. S. Government Bonds and Notes . . . . .	83,375,161.10
State and Municipal Securities . . . . .	37,401,109.42
Other Bonds and Securities . . . . .	41,681,740.50
Loans and Discounts . . . . .	80,067,135.05
Federal Reserve Bank Stock . . . . .	450,000.00
Customers' Liability on Acceptances and Letters of Credit . . . . .	84,902.91
Accrued Interest and Other Resources . . . . .	1,225,725.27
Total . . . . .	\$413,586,001.45

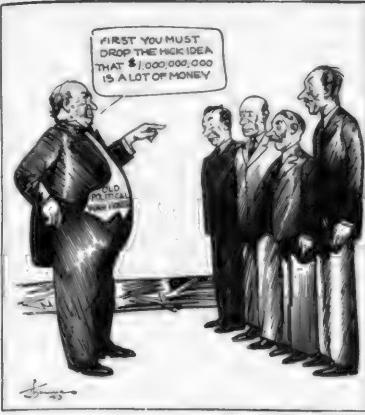
#### Liabilities

Capital . . . . .	\$ 6,000,000.00
Surplus . . . . .	9,000,000.00
Undivided Profits . . . . .	4,472,367.67
Reserves for Taxes, Interest, Contingencies, Etc. . . . .	7,104,081.83
Acceptances and Letters of Credit . . . . .	84,902.91
Demand Deposits . . . . .	\$362,417,799.36
Time Deposits . . . . .	24,506,849.68
Total . . . . .	\$413,586,001.45

\$44,820,000.00 of U. S. Government obligations and \$512,271.91 of State and Municipal securities are pledged to secure \$29,749,754.62 of United States Government deposits and \$14,617,685.90 of trust deposits, and to qualify for fiduciary powers.

Member Federal Deposit Insurance Corporation

Buy War Bonds



Basic Training for Rookie Congressmen

mines and timber companies; new computations of invested capital after liquidations; permission to carry over the deficit of a predecessor corporation in some cases.

Certainly this has been a quick, inadequate and superficial survey of the refund possibilities. But it ought to indicate the tremendous responsibility corporate advisers have, to see to it that none of these are overlooked.

## War Contractors

(CONTINUED FROM PAGE 47)

tion. There has been a tendency among many contractors to ignore normal depreciation when bidding. This tendency puts the contracting officers on the spot, since they must take the lowest bids. In practice, contracting officers do not encourage upward revision of the terms, as such a policy would provide a temptation for bidders to bid below cost, simply to get a contract, and later seek adjustment. The War Department does renegotiate upwards, but only after making it clear to the contractor concerned that thenceforth he must make proper allowance for depreciation and other overhead, if he is to be permitted to bid again.

Because of downward renegotiation, there frequently developed in contracting officers a tendency to cut the price prior to renegotiation; but this practice has been ended. The Army believes that the renegotiation boards in practice have not been unfair in the amounts "taken back."

In handling renegotiation, the War Department is watchful that it be not made the vehicle for financing plant expansion, which is otherwise provided for; and it is also on guard against excessive overhead and excessive dividends paid prior to renegotiation.

# California Bank

*Los Angeles*

We invite accounts from banks, corporations and individuals. Send us your Pacific Coast business

### CONDENSED STATEMENT AS OF DECEMBER 31, 1942

#### *Resources*

Cash: On hand and in Federal Reserve Bank . . . . .	\$ 34,718,214.63
In Other Banks. . . . .	31,042,654.78
U.S. Gov't Obligations (Direct or Fully Guaranteed) . . . . .	81,475,667.62*
Obligations of Other Federal Agencies . . . . .	1,716,299.17
State, County and Municipal Bonds . . . . .	5,439,411.51
Other Bonds and Securities . . . . .	2,940,091.77
Stock in Federal Reserve Bank . . . . .	255,000.00
Ownership of California Trust Company . . . . .	1,476,201.12
Loans, Discounts, and Bankers' Acceptances . . . . .	55,656,976.19
Contracts Representing Sales of Real Estate . . . . .	281,783.58
(Total Sales Prices over \$800,000.00)	
Bank Premises, Furniture, Fixtures, and Equipment . . . . .	1,203,733.76
(Including Branches)	
Other Real Estate . . . . .	1,555,656.43
Customers' Liability under Letters of Credit and Acceptances . . . . .	394,889.33
Other Resources . . . . .	153,385.65
<b>TOTAL RESOURCES . . . . .</b>	<b>\$218,309,965.54</b>

#### *Liabilities*

Capital: Preferred . . . . .	\$ 800,000.00
Common . . . . .	5,000,000.00
Surplus . . . . .	2,700,000.00
Undivided Profits . . . . .	2,164,060.45
Reserves for Interest, Taxes, etc. . . . .	\$ 10,664,060.45
Unearned Income Collected . . . . .	302,041.76
Letters of Credit and Acceptances . . . . .	439,246.67
Other Liabilities . . . . .	547,713.33
Deposits: Demand . . . . .	134,820.79
Time . . . . .	138,626,763.99
Public Funds . . . . .	65,665,692.63
<b>TOTAL LIABILITIES . . . . .</b>	<b>1,929,625.92</b>
	206,222,082.54
	\$218,309,965.54

\*\$5,083,179.30 pledged, according to law, to secure Public Funds and Trust Deposits

### OFFICERS

ARCH W. ANDERSON, President

Senior Vice-President  
ALLAN HANCOCK

Vice-President and Counsel  
CHAS. E. DONNELLY

Vice-Presidents:

ARTHUR T. BRETT	C. C. DEPLEDGE	A. M. GIBBS	F. S. HANSON
T. E. IVEY, JR.	F. M. MAGEE	H. J. MENDON	J. A. SHINE
W. F. BRANDT	H. E. HUDSON	J. G. MAULHARDT	B. B. ODELL

# North of the Border

## Some Notes on Canada's Wartime Economy

CANADA has been an active participant in the war for almost three and a half years. During this period much publicity has been given to military operations at home and overseas. The industrial front, however, has not received all the recognition it deserves. The facts, as issued in a

recent official statement, tell the story: The Government has become the purchaser of more than 50 per cent of the entire output of the country as a result of the progressive narrowing of the field of non-essential production and the concurrent expansion of production for war purposes. War products actu-

ally delivered to date aggregate \$3,000,000,000 in value.

Further, about \$1,000,000,000 has been expended on plants, machinery and defense projects. In addition to these amounts spent by the Department of Munitions and Supply, shipments of metals, foodstuffs, timber and other supplies to an estimated value of \$1,500,000,000 have been made to the United Nations. (For comparative purposes, it should be remembered that the population of the United States is more than 12 times that of its northern neighbor.)

Canadian war equipment and supplies are being used on every battlefield and have been allocated as follows: 30 per cent to Canadian forces at home and abroad; 50 per cent to United Kingdom or British combat areas, and to Russia; 20 per cent to the United States, China, Australia and the Pacific theatres of war.

A VERY large part of the Dominion's war industry is entirely new, having been built since the war began. The manufacture of optical glass is a typical example. Formerly dependent on foreign sources, Canada now meets domestic requirements and supplies the United States as well. The production of optical and precision instruments has accompanied this development. As a result also of the exigencies of war, Canada has the largest aluminum plant in the world. The latter has been expanded seven times and has a capacity greater than the entire world output in the year 1939.

Almost 40 per cent of the aluminum requirements of the United Nations are filled by the Dominion. By a process invented north of the border, sufficient magnesium is being produced for all domestic needs and enough is left for exports of considerable size. A synthetic rubber plant, capable of an annual output of 40,000 tons, is expected to be ready for operation by September of this year. Enough will be available for war purposes as well as necessary civilian uses.

It has become increasingly apparent that the war will leave the Dominion of Canada with an immensely broadened industrial base.

A CANADIAN CORRESPONDENT



### CONDENSED STATEMENT OF CONDITION, DECEMBER 31, 1942

#### ASSETS

Cash on Hand and in Banks . . . . .	\$135,893,190.71
United States Government Obligations . . . . .	293,294,935.56
Stock in Federal Reserve Bank . . . . .	973,500.00
State, Municipal and Other Securities . . . . .	18,567,283.01
Loans and Discounts . . . . .	138,084,740.49
Banking Premises . . . . .	5,262,328.81
Other Real Estate . . . . .	2,155,784.81
Other Resources . . . . .	1,402,887.84
Customers' Liability on Acceptances . . . . .	84,377.20
Total . . . . .	\$595,719,028.43

#### LIABILITIES

Capital Stock . . . . .	\$13,800,000.00
Surplus and Undivided Profits . . . . .	8,740,253.01
Reserve for Contingencies . . . . .	2,122,489.88
Capital Notes . . . . .	11,500,000.00
Retirement Fund for Capital Notes . . . . .	500,000.00
Reserve for Interest on Capital Notes . . . . .	173,917.81
	36,836,660.70

#### DEPOSITS

Demand . . . . .	\$328,522,712.54
Time . . . . .	209,434,558.44
Estates Trust Department . . . . .	13,123,964.14
Corporate Trust Department . . . . .	3,537,254.40
	554,618,489.52
Accrued Taxes, Interest, etc. . . . .	1,675,719.88
Other Liabilities . . . . .	2,503,781.13
Acceptances Executed for Customers . . . . .	84,377.20
Total . . . . .	\$595,719,028.43

Contingent Liability on Loan Commitments—\$10,091,610.43

United States Government Obligations carried at \$24,860,403.73 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

MEMBER FEDERAL RESERVE SYSTEM

Member Federal Deposit Insurance Corporation

# Says Banks Take Best HOLC Loans

"In the past few months the activity of private lenders in seeking to transfer the best HOLC loans to their own portfolios has more than doubled," said Federal Home Loan Bank Commissioner John H. Fahey in a recent issue of the *FHLB Review*.

The loss of interest to the HOLC during 1942 because of these transfers, Mr. Fahey explained, amounted to over \$9,000,000.

Mr. Fahey's statement, in part, follows:

"In several sections of the country, lists of borrowers have been secured and campaigns have been started to induce home owners, who regularly make their payments on time, to transfer their loans to private holders. The activity is confined to a limited number of institutions out of the thousands of banks, savings and loan associations, mutual savings banks, and other mortgage-lending institutions and it is obvious that those who are engaged in this effort do not realize the extent of the loss it necessarily imposes on the Home Owners Loan Corporation and, in turn, on the Government.

"The HOLC has, until now, been able to meet all its expenses and a major portion of its capital losses from its regular income and has not been obliged to ask the Treasury for assistance. Its estimated budget of 10 million dollars for the next year represents a reduction of 25 million dollars from the peak. The number of employees will drop to 3,832, compared with approximately 21,000 at the height of operations. If its good loans are steadily drained away, however, no possible economies in operation can prevent greatly increased losses to the Government."

Mr. Fahey declared that in numerous cases private institutions are increasing the mortgage indebtedness of HOLC borrowers "at a time when it should be cut down." He added that "in many cases these borrowers are paying substantially higher rates of interest than the 4½ per cent they have been paying the HOLC."

The problem of accelerating the liquidation of the HOLC is a complicated one, Mr. Fahey pointed out, and is a matter for Congress to consider and dispose of if a plan entirely fair to the Government is presented.

"The sale or refinancing of the HOLC's best loans, without consideration of the contingencies involved, offers no solution," Mr. Fahey said. "Instead of saving the Government money, the fact is that the loss of income producing assets, leaving the Corporation with its distressed loans, will mean that the Government and the general public eventually must bear the costs of liquidation without the offsetting revenues which are now available."

During the depression, Mr. Fahey said, the HOLC "disbursed \$932,000,000 to banks and trust companies; \$767,900,000 to savings and loan associations; \$192,000,000 to finance and mortgage companies and \$164,600,000 to insurance companies in exchange for defaulted mortgages.

"The financial institutions which were the beneficiaries of such extraordinary help from their Government in 1933, 1934 and 1935, and which are now engaged in many kinds of constructive war service, may, I think, well consider if it is not their responsibility to refrain from encouraging HOLC borrowers to transfer and refinance their loans."

# The National Bank of Commerce of Houston

## CONDENSED STATEMENT OF CONDITION AT THE CLOSE OF BUSINESS DECEMBER 31, 1942

### RESOURCES

Cash.....	\$51,517,228.42	
U. S. Government Securities.....	47,849,500.00	\$ 99,366,728.42
Other Securities:		
Stocks and Bonds.....	2,833,295.25	
Federal Reserve Bank Stock.....	150,000.00	2,983,295.25
Loans and Discounts:		
Time.....	7,537,584.70	
Demand.....	3,728,324.39	11,265,909.09
Banking House Equity.....	3,040,000.00	
Other Real Estate.....	1.00	
Furniture and Fixtures.....	1.00	3,040,002.00
Other Assets.....	42,419.78	
Interest Earned — Not Collected.....	89,614.20	132,033.98
TOTAL RESOURCES.....		\$116,787,968.74

### LIABILITIES

Capital Stock:		
Common.....	\$ 1,000,000.00	
Preferred.....	1,000,000.00	\$ 2,000,000.00
Surplus.....		
Undivided Profits.....	975,287.16	3,000,000.00
Reserved for Dividends.....	187,500.00	
Reserved for Other Purposes.....	467,238.81	1,630,025.97
Deposits:		
Individuals.....	81,299,963.70	
Banks.....	23,973,289.39	
United States.....	4,667,422.26	
Trusts.....	217,267.42	110,157,942.77
TOTAL LIABILITIES, Capital and Surplus.....		\$116,787,968.74

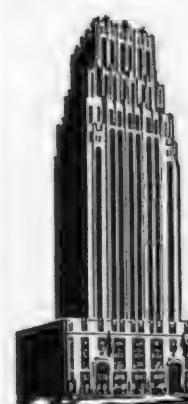
### OFFICERS

Chairman of the Board JESSE H. JONES	President A. D. SIMPSON
Chairman Executive Committee SAM TAUB	Executive Vice-President R. P. DOHERTY
Vice-President J. H. GARRETT	Vice-President and Cashier P. C. REHRAUER
Assistant Cashiers:	
W. L. TANDY C. O. WILLIAMS A. M. McDADE	T. CRAWFORD C. A. BARRETT B. E. BREWER
E. J. RHODES	

Trust Officer W. CARTER GRINSTRAD	Assistant Trust Officer C. W. HAMILTON
Auditor J. K. FLEMING	Assistant Auditor C. L. WHITLEY

### DIRECTORS

GEORGE A. BUTLER	W. B. PYRON
NOAH DIETRICH	P. C. REHRAUER
R. P. DOHERTY	JAMES W. ROCKWELL
J. H. GARRETT	A. D. SIMPSON
JESSE H. JONES	G. W. STRAKE
M. TILFORD JONES	SAM TAUB
J. S. LEACH	GUS S. WORTHAM



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# War Bond Safekeeping

**I**N the November and December 1942 issues BANKING published returns from a survey of War Bond safekeeping plans and practices of banks. Here is some additional news quoted from banks' replies to our questions.

**Washington . . .** "We find that the demand for free safekeeping service is steadily mounting, and approximately 45 per cent of our purchasers request

this service. We have no safe deposit boxes but do maintain a safekeeping department for our customers' securities other than War Bonds, for which we make a charge."

**Ohio . . .** "Bond owners would be just as well off to keep the bond and put it in their safe deposit box or in some other safe place, as they would if they took the receipt, which would necessitate the same procedure."

**Illinois . . .** "Any charge that we would make for safekeeping, if to be at all compensatory, would be almost equal to our minimum safe deposit rental."

**Michigan . . .** "We're not happy about our inability to provide such service, but it is 'just one of those things' that a bank faces which long ago outgrew the building which it proudly built in 1921, moved into and rattled around in for years with space to spare, and now finds that 'the pants are far too snug.'"

**Kansas . . .** "Our feeling is that if we do our best to promote the sale of the bonds and arrange to issue them quickly and conveniently, we have gone about as far as we should go."

**Virginia . . .** "One of the jobs I had back in the middle 30's was cleaning up the custodian department which mushroomed in this bank during the last war. It was the biggest mess I ever saw, was costing us a lot of money and entailed considerable liability."

**Washington . . .** "We originally offered free safekeeping service for purchases of War Savings Bonds where such bonds were purchased through the bank. Beginning November 1, we have discontinued this free service insofar as future purchases of bonds are concerned, and will make a flat charge of 50 cents for each bond regardless of denomination."

**Massachusetts . . .** "We distribute to every purchaser of a War Bond a safekeeping envelope bearing advertisement suggesting the renting of a safe deposit box."

**Iowa . . .** "Our regular safekeeping service is at the rate of \$1 per \$1,000 per year."

**Oklahoma . . .** "At the present time we are inclined to believe that we will install a safekeeping service for which we will make a charge of one dollar. We believe that this will take care of our expense."

**Michigan . . .** "We have recently been giving the subject some thought from the angles of, first, necessity, if such necessity grows, and second, if it would be a greater incentive for the purchase of bonds, and thus a further contribution to the war effort."

**Texas . . .** "The system we are using when accepting War Bonds for safekeeping has a minimum charge of 50

## AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO

LA SALLE STREET AT WASHINGTON  
Member Federal Deposit Insurance Corporation

### STATEMENT OF CONDITION AT THE CLOSE OF BUSINESS DECEMBER 31, 1942

#### RESOURCES

Cash and due from banks . . . . .	\$ 34,332,131.53
United States Government obligations — direct and fully guaranteed . . . . .	40,950,871.34
Municipal and other marketable securities . . . . .	16,147,285.26
Loans and discounts . . . . .	22,756,673.32
Federal Reserve Bank stock . . . . .	123,000.00
Customers' liability on acceptances . . . . .	48,809.60
Accrued interest receivable . . . . .	243,221.95
Real estate owned . . . . .	1.00
Other assets . . . . .	48,371.51
	<u>\$114,650,365.51</u>

#### LIABILITIES

Capital stock — preferred . . . . .	\$ 600,000.00
Capital stock — common . . . . .	1,000,000.00
Surplus . . . . .	2,500,000.00
Undivided profits . . . . .	463,780.48
Preferred stock retirement fund . . . . .	255,000.00
Reserve for taxes, interest, contingencies, etc. . . . .	926,606.99
Unearned discount . . . . .	326,636.56
Liability on acceptances . . . . .	48,809.60
Deposits:	
Demand . . . . .	\$97,345,242.39
United States Government . . . . .	4,274,920.75
Other public funds . . . . .	28,829.47
Savings . . . . .	6,850,539.27
Other time deposits . . . . .	30,000.00
	<u>108,529,531.88</u>
	<u>\$114,650,365.51</u>



# Personnel Tips from the Navy

KENNETH McLAREN

KENNETH McLAREN, who was assistant to A. G. Brown, manager of the Agricultural Credit Department of the American Bankers Association, entered the United States Naval Reserve. After a course of study in naval administration, he was given the rank of lieutenant (jg) in the Aviation Volunteer Specialist branch. Now stationed on the Pacific Coast, he is

THE opinions and assertions contained in this article are the private ones of the author and are not to be construed as official or as reflecting the views of the Navy Department or the naval service at large.

engaged for the time being in personnel work and has been interested in the way the Navy handles its people, as compared

to similar processes in civilian enterprise, particularly banking. He wrote a very interesting letter recently in which he made the following observations:

"WHILE there is no definite analogy between the personnel problems of a bank and those that we have to contend with in the Navy, I think there are certain valuable pointers for banks in the Navy's personnel methods. It must be remembered that the total complement of workers in the largest bank in the United States would only correspond to the officer and enlisted manpower of perhaps two or three of the Navy's capital ships. The Navy is therefore so constituted that the realm of personnel policy is all set down in chapters, sections and subsections of that famous Navy document entitled 'Navy Regulations of 1920, As Amended to Date.' This instrument, together with the Bureau of Naval Personnel's 'Manual' and current circular letters, probably provides one of the greatest job analyses of all times.

"Some people might conclude that the restrictive element found in these famous pieces of literature would hamper one's freedom of action at every turn. To be sure, the necessity of constantly checking with the regulations is occasionally nerve-racking, but such a relationship between operations and laws is not out of the ordinary for one who has served in the field of banking. Then too, these same documents throw a protective screen around both officer and enlisted personnel by carefully prescribing the limits of their operational

## CITIZENS NATIONAL TRUST & SAVINGS BANK OF LOS ANGELES

Established 1890

Condensed Statement of Condition at  
Close of Business December 31, 1942

### RESOURCES

B U Y	Cash and Due from Banks . . . . .	\$ 61,215,819.56
U N I T E D S T A T E S	United States Obligations, Direct or Fully Guaranteed . . . . .	96,377,483.47
W A R	State, County, and Municipal Bonds . . . . .	916,945.72
B O N D S	Other Bonds . . . . .	156,540.45
	Loans and Discounts . . . . .	44,376,384.73
	Federal Reserve Bank Stock . . . . .	250,500.00
	Stock in Commercial Fireproof Building Co.— Head Office Building . . . . .	348,500.00
	Bank Premises, Furniture and Fixtures, and Safe Deposit Vaults (Including Branches) . . . . .	794,186.67
	Other Real Estate Owned . . . . .	1,368,879.85
	Customers' Liability under Letters of Credit and Acceptances . . . . .	156,634.68
	Earned Interest Receivable . . . . .	354,914.74
	Other Resources . . . . .	123,464.74
	<b>TOTAL</b> . . . . .	<b>\$206,440,254.61</b>

### LIABILITIES

W A R	Capital Stock . . . . .	\$5,000,000.00
B O N D S	Surplus . . . . .	3,350,000.00
	Undivided Profits . . . . .	1,150,000.00
		\$ 9,500,000.00
	Reserves for Interest, Taxes, Dividends, Contingencies, Etc. . . . .	1,043,786.62
	Discount Collected — Unearned . . . . .	27,840.19
	Letters of Credit & Liability as Acceptor or Endorser on Acceptances & Foreign Bills . . . . .	198,032.29
	Other Liabilities . . . . .	18,967.89
	Deposits . . . . .	195,651,627.62
	<b>TOTAL</b> . . . . .	<b>\$206,440,254.61</b>

Head Office: Spring Street at Fifth, Los Angeles

Branches Throughout Los Angeles

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORP.

### Oil Shortage



THOMAS. ASSOCIATED NEWSPAPERS  
BANKING

and disciplinary authority. Of necessity, the Navy must maintain its own disciplinary law, but every means has been taken to provide for the administration of equitable justice. Attendance at many of these Naval Masts and Courts has served to attest to the fairness and efficacy of the system.

"The Navy's enlisted personnel come from every section of the country. I had a little towheaded farm boy from Oklahoma in front of my desk the other day. He had been put in a job that was a little too much for his sixth grade education. He didn't object to his change of station and evidenced his willingness to do the job wherever we placed him.

"And last night after hours, while I was on duty, a 17-year-old youngster from 'backyander' in Tennessee brought me a telegram that simply read 'Pappy is dying, please come home.' 'Pappy,' it turned out, was the boy's grandfather and when I suggested that in cases of serious illness not in the immediate family it was our policy to hold the case over until the Red Cross had checked on the situation, tears welled up in the youngster's eyes and he said 'but really, sir, he has been a pappy to me.' The youngster is Tennessee bound now.

"AT THE Bureau of Naval Personnel in Washington, D. C., are kept the personnel records of all naval officers. The basis of these official records is the Navy's 'fitness reports.' These fitness reports constitute the Navy's analysis of its officer personnel, and are filed not only annually each year, but also whenever the individual officer is subjected to a change in command. (Banking personnel officers please note.) If any commanding officer finds it necessary to report unfavorably upon an officer in his command, he is required by naval regulations to provide the junior officer with such a report, and the latter is given the opportunity of appending a statement to the fitness report either in explanation or in contravention to such adverse criticism. In addition, any officer visiting the city of Washington, has the right to call at the offices of the Bureau of Naval Personnel and of drawing his personnel file for the purpose of reviewing the record that he has established during his period of service with the Navy.

"While a world at war demands a high degree of specialization from the Navy's officer personnel, the Navy in peace has been careful to thoroughly train its officers in the fundamentals of naval operations. The regulations specifically provide that junior officers of

the line are to receive very definite operational training in their first two or three years of service. On the individual fitness report such junior officers' superiors in command must make a careful report of the juniors' proficiency in these duties.

"The 'Service Record' is to the enlisted man what the fitness report is to the officer. The enlisted man's record is contained in a 4 by 9 inch brown folder that accompanies him wherever he may go in the service. Recorded therein is a brief history of his personal background, a chronological history of his Navy life, his technical achievements,

special schools, and advancements in rate. In some records are commendations for personal bravery, in others a statement of mistakes.

"That branch of the service most closely corresponding to the bank from the standpoint of personnel are the clerical workers, known to the Navy as 'yeomen.' Similar to the difficulties encountered by banks in obtaining adequate employees, the matter of securing good yeomen is quite a problem. Compared with the ordnancemen who fire the guns and the mechanics who keep the fleet and aircraft in readiness to meet the enemy, few enlisted men

## BANKERS TRUST COMPANY

NEW YORK



**CONDENSED STATEMENT OF CONDITION,  
DECEMBER 31, 1942**

### ASSETS

Cash and Due from Banks . . . . .	\$ 484,927,526.99
U. S. Government Securities . . . . .	711,606,351.50
Loans and Bills Discounted . . . . .	336,522,340.28
State and Municipal Securities . . . . .	29,481,628.77
Other Securities and Investments . . . . .	39,518,561.97
Real Estate Mortgages . . . . .	1,866,095.06
Banking Premises . . . . .	16,165,603.68
Other Real Estate . . . . .	222,756.16
Accrued Interest and Accounts Receivable . . . . .	3,780,054.40
Customers' Liability on Acceptances . . . . .	989,421.65
	<b>\$1,625,080,340.46</b>

### LIABILITIES

Capital . . . . .	\$25,000,000.00
Surplus . . . . .	50,000,000.00
Undivided Profits . . . . .	40,171,788.74
Dividend Payable January 2, 1943 . . . . .	\$ 115,171,788.74
Deposits . . . . .	875,000.00
Accrued Taxes, Interest, etc. . . . .	1,504,657,609.12
Acceptances Outstanding . . . . .	2,472,633.55
Less Amount in Portfolio . . . . .	989,421.65
Other Liabilities . . . . .	913,887.40
	<b>\$1,625,080,340.46</b>

Securities in the above statement are carried in accordance with the method described in the annual report to stockholders, dated January 8, 1942. Assets carried at \$237,552,300.22 have been deposited to secure deposits, including \$230,198,667.70 of United States Government deposits, and for other purposes.

*Member of the Federal Deposit Insurance Corporation*

can comprehend the need for the trained typewriter specialist.

"With thousands of young men passing through the naval training centers, the Navy has found it necessary to rely upon some method of selection for the promotion of some of the men to advanced specialist schools directly upon completion of their basic indoctrination course. For this purpose the Bureau of Naval Personnel has chosen a series of aptitude tests known as the O'Rourke system. American industrial genius has once again stepped into the breach with machines that solve the problem of a rapid rating and grading system.

"To be sure, an attempt is made to

learn something of the individual blue-jacket's background, but the vast number of young men currently being inducted into the naval service means that in the final analysis the O'Rourke tests have to provide the principal basis of selection. One can hardly defend the system as providing a thoroughly accurate check on an individual's abilities, but about the only change that could be made is that of broadening and strengthening the scope of the examinations. The subject of selection with relation to such tremendous alterations in the flow of manpower warrants long study. In a war, however, it is a case of utilizing the available facilities."

## THE FORT WORTH NATIONAL BANK FORT WORTH, TEXAS



STATEMENT OF CONDITION AT THE CLOSE OF BUSINESS  
DECEMBER 31, 1942



### RESOURCES

CASH AND DUE FROM BANKS . . . . .	\$ 42,756,323.04
UNITED STATES GOVERNMENT SECURITIES . . . . .	38,492,901.55
MUNICIPAL AND LAND BANK SECURITIES . . . . .	3,921,624.71
OTHER SECURITIES . . . . .	20,332.00
STOCK FEDERAL RESERVE BANK . . . . .	121,500.00
LOANS AND DISCOUNTS . . . . .	22,539,503.34
INCOME EARNED—UNCOLLECTED . . . . .	120,887.13
BANKING HOUSE . . . . .	\$ 1,575,000.00
FURNITURE AND FIXTURES . . . . .	1.00
OTHER REAL ESTATE . . . . .	150,001.00
ASSETS IN LIQUIDATION . . . . .	1.00
OTHER RESOURCES . . . . .	<u>13,474.11</u>
TOTAL . . . . .	\$109,711,548.88

### LIABILITIES

DEPOSITS:	
INDIVIDUAL . . . . .	\$57,552,164.89
BANK . . . . .	27,237,871.86
U. S. GOVERNMENT . . . . .	16,612,548.89
OTHER PUBLIC FUNDS . . . . .	2,630,994.11
INCOME COLLECTED—UNEARNED . . . . .	104,033,579.75
56,926.76	
RESERVE—INTEREST, TAXES AND EXPENSES . . . . .	140,895.96
RESERVE—BOND PREMIUMS AMORTIZED . . . . .	290,403.90

CAPITAL ACCOUNT:	
COMMON STOCK . . . . .	\$ 2,500,000.00
SURPLUS . . . . .	1,600,000.00
UNDIVIDED PROFITS . . . . .	489,742.51
RESERVE FOR CONTINGENCIES . . . . .	600,000.00
	<u>5,189,742.51</u>
TOTAL . . . . .	\$109,711,548.88

*U. S. Government and other securities carried at \$26,292,830.59 in the above statement are pledged to secure public funds and for other purposes required or permitted by law.*

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

## Economic Warfare

Information on Controls and Trade Regulations can be obtained through the banks.

Your use of the services of this Bank in the following countries is cordially invited:

### CANADA

Branches from Coast to Coast

### NEWFOUNDLAND

Branches at St. John's and twelve other points

### WEST INDIES

Branches in Jamaica, Cuba, Puerto Rico and Dominican Republic

Complete list of branches on request

NEW YORK, 49 Wall Street

LONDON, ENG., 108 Old Broad St., EC2

### General Offices

TORONTO, CANADA

Capital and Reserve, \$36,000,000

## The BANK of NOVA SCOTIA

ESTABLISHED 1832—OVER A CENTURY OF SERVICE



At The Roosevelt everything that makes New York so interesting is right at your elbow. Step off your train at Grand Central, follow the private passageway direct to the Roosevelt, enjoy cheerful rooms... delicious food... and a restful atmosphere. Attractive rooms with bath from \$4.50.

A 25% reduction in room rates for Service Men



GUY LOMBARDO  
and his  
Orchestra in the  
**ROOSEVELT GRILL**  
Nightly except Sundays.

**HOTEL ROOSEVELT**  
MADISON AVE. AT 45th ST., NEW YORK  
BERNARD G. HINES, Managing Director

BANKING

# Mortgage Loan Delinquencies

W. R. BRYANT

MR. BRYANT is assistant cashier of the American Trust Company, San Francisco.

WHAT action can be taken by lending institutions during the war to correct mortgage loan delinquencies?

To function properly there must be a starting point—the classification of all loans according to the degrees of interest and instalment delinquency. This general classification is called the inventory of the loan portfolio, and there are innumerable types of classification of such inventories already in use by lending institutions at the present time. There should be a consistent effort made by all banking institutions carrying real estate loans to make such classifications uniform, as it is obvious that some classifications of the inventory are far superior to others. Also, there is no doubt that many classifications are too complex and should be simplified.

There must be a purpose:

1. To restore all possible delinquent loans to good standing, i.e., have them brought up to date in all respects. This work is called rehabilitating or retrieving such loans. It also means keeping the number of loans transferred to "other real estate" at a minimum at all times. All lending institutions now have such a system or servicing agent.

2. To prevent loans in good standing from dropping down into the delinquent

President Roosevelt, in his annual message, tells Congress that the United Nations will "strike—and strike hard"



PRESS ASSOCIATION

classifications. This work comprises proper servicing by the borrower and requires careful checking and followup. Also to see that all taxes, advances and miscellaneous charges are paid. All lending institutions now have such a system or servicing agent.

3. To have all non-reducing loans put on a monthly reduction basis. In the

present emergency the importance of this subject cannot be too strongly stressed.

4. To keep accurate records of the changes in classifications so that the increase or decrease trend can be studied. In order to obtain the net change the record must include loans that are being or have been transferred to "other real

## STATEMENT OF CONDITION ANGLO CALIFORNIA NATIONAL BANK

DECEMBER 31, 1942

### RESOURCES

Cash and Due from Banks . . . . .	\$85,060,953.92
U. S. Government Securities . . . . .	121,794,542.42
State, Municipal Bonds,	
Other Securities . . . . .	16,199,887.69
Stock in Federal Reserve Bank . . . . .	8223,055,384.03
Bank Premises, Head Office and Branches . . . . .	606,300.00
Other Real Estate, including assets indirectly representing Other Real Estate . . . . .	4,516,954.41
Customers' Liability under Letters of Credit and Acceptances . . . . .	3,321,897.22
Interest and Other Income Earned but Not Collected . . . . .	1,927,939.71
Other Assets . . . . .	820,410.68
Loans and Discounts . . . . .	282,519.36
	58,243,140.78
	TOTAL \$292,774,546.19

### LIABILITIES

Capital:	
Preferred* . . . . .	\$6,960,000.00
Common . . . . .	8,200,000.00
Surplus . . . . .	\$15,160,000.00
Undivided Profits . . . . .	5,050,000.00
Reserves for Dividends, Retirement of Preferred Stock and Contingencies . . . . .	2,402,779.44
Letters of Credit and Acceptances . . . . .	4,842,675.48
Discount and Other Income Collected but Not Earned . . . . .	1,927,939.71
Other Liabilities . . . . .	249,857.11
Deposits . . . . .	304,732.51
	262,836,561.94
	TOTAL \$292,774,546.19

\*1,740,000 shares, par value \$4.00 per share, redeemable at issue price of \$10.00 per share. Current dividend rate 4% on subscription price. Securities carried at \$28,683,992.52 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

BUY MORE  
U. S. WAR BONDS  
AND STAMPS



Member Federal  
Reserve System

Member Federal Deposit  
Insurance Corporation

HEAD OFFICE: 1 Sansome Street, San Francisco  
Branch Offices in: San Francisco, Oakland, San Jose, Bakersfield,  
Chico, Hanford, Lemoore, Modesto, Red Bluff and Redding

estate" from the above classifications during a given period. Most banking institutions have their own special system for servicing and rehabilitation and it is obvious that some systems are far superior to others as proved by delinquency records including "other real estate" figures. There should be an effort made to set up a uniform system which incorporates the good points in the accepted better systems. Taking into consideration the quality of the management, delinquencies will vary to some extent in some sections of the country.

A ready reference breakdown is

needed, covering type of property which in general can be classified as follows: dwellings, flats (including stores with flats above), apartments, stores and office buildings, industrial buildings, hotels (including a few summer resorts), special purpose, unimproved (industrial land), unimproved (residential and business), farms. This breakdown on a yearly basis gives a clear picture of the types of security.

There must be a ready reference breakdown based on dollar amount of loans; namely, under \$2,500, \$2,500 to \$4,999, \$5,000 to \$9,999, \$10,000 to \$29,999, \$30,000 to \$99,999, \$100,000

and up. This breakdown on a yearly basis gives a clear picture of the size of loans measured in dollars.

An index of all loans on which the principal is more than the percentage of the appraised value prescribed by law, is also essential. This gives a picture of the "non-conforming" loans.

There must be an index of all loans formerly carried as "other real estate." Such loans must be followed rigidly for payments.

**RIGID** supervision and followup covering all loan payments is required. From a servicing and rehabilitation standpoint, the most successful method of keeping the quality of the real estate loan portfolio at a maximum is to maintain a consistent supervision of the non-delinquent loans to see that the borrower adheres to the terms of payment as specified in the note. As nearly all real estate loans are now written on an amortization basis, the first signs of weakness in the loan, even though the interest is kept up to date, are: the instalment payment is not made; the advance charges incurred when the loan was made or renewed remain unpaid; the current taxes are allowed to become delinquent; regular payments start slowing up.

Consequently, a strict followup of these cases is established, first by regular statements, then by personal letter, telephone, office interview, or personal call to the home of the borrower.

Supervision and followup at the first indication of weakness will save many loans from becoming delinquent and in some instances eventually becoming "other real estate."



## Statement of Condition

At the Close of Business  
December 31, 1942

### ASSETS

Cash on Hand and Due from Banks . . . . .	\$99,821,243.49
United States Securities Owned . . . . .	67,719,643.75
Stock in Federal Reserve Bank . . . . .	330,000.00
Other Stocks and Bonds . . . . .	1,292,674.31
Loans and Discounts . . . . .	54,226,810.16
Furniture and Fixtures . . . . .	250,674.53
Banking House . . . . .	2,185,000.00
Other Real Estate . . . . .	601,365.63
	<hr/>
	\$226,427,411.87

### LIABILITIES

Capital Stock . . . . .	\$5,000,000.00
Surplus Fund . . . . .	6,000,000.00
Undivided Profits, Net . . . . .	4,605,809.68
Reserved for Taxes, Etc. . . . .	493,446.88

### Deposits

Individual . . . . .	\$110,687,865.78
Banks and Bankers . . . . .	77,644,671.88
U. S. Government . . . . .	21,995,617.65
	<hr/>
	210,328,155.31
	<hr/>
	\$226,427,411.87

**FIRST NATIONAL BANK**  
**IN DALLAS** MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Senate Majority Leader Barkley takes a look at the \$108 billion budget, which makes a substantial book



HARRIS & EWING  
BANKING

# Your Reading

If you want any of the books mentioned on this page, send your check for the published price to BANKING, 22 East 40th Street, New York City. Your order will be filled promptly.

## Public Relations

PUBLIC RELATIONS IN WAR AND PEACE. By Rex F. Harlow. Harper and Brothers. 220 pp. \$3.

THE president of the American Council on Public Relations here sets down basic principles that govern public relations. This field he treats as "the science through which an organization can consciously attempt to fulfill its social responsibilities, and so secure the public recognition and approval necessary for success." Public relations work, he believes, is a very important social instrument. This book, first in a series to be published by the Council, presents not only principles but practices, tests, common errors, appraisal of public opinion, and questions and answers. There is a final chapter on public relations in wartime.

## National Production

OUTLAY AND INCOME IN THE UNITED STATES 1921-1938. By Harold Barger. National Bureau of Economic Research. 388 pp. \$2.50.

THIS book summarizes and extends the results of studies made at the Bureau over a period of years. Comparing income and outlay as alternative measures of national production it also contains what is said to be the first complete set of estimates ever published for consumption, investment and national income in this country by quarters since 1921. Inventory movements are also considered.

## Timely Handbook

THE NAVY WOMAN'S HANDBOOK. By Celia Reeves Collins. McGraw-Hill. 219 pp. \$1.50.

MRS. COLLINS, who also wrote "The Army Woman's Handbook," makes available much information that is essential for the financial and legal protection of service men's families. Clearly and comprehensively these two books outline fundamentals of family security which husbands and fathers as well as

wives and mothers may well find useful. There is exact information on gratuities and pensions, wills, government life insurance and social security, commercial life insurance, legal aid to service men, women's property rights, procedure in case of death, and many other subjects, including military courtesy.

## Commercial Credit Laws

CREDIT MANUAL OF COMMERCIAL LAWS (War Edition). National Association of Credit Men. 848 pp. \$6.50.

CREDIT phases of war production are emphasized in this edition of the credit men's handbook. There are more than 200 pages of information about war production orders, including such phases as renegotiation of contracts, cost determination, the new controlled materials plan and priorities, the production requirements plan, and the financing of war contracts. Another new feature of the handbook is a chapter on the law of credit information, which tells how to avoid possible liability in giving credit data.

### The A.B.A. Library Suggests:

#### Foreign Property Control

United States Treasury Department. FOREIGN FUNDS CONTROL. Administration of the wartime financial and property controls of the United States Government. Washington, 1942. 50 pp.

#### Inflation

Office of War Information. INFLATION. Washington, 1942. 8 pp. Tells what inflation is, what it means for each of us, and what we can do about it.

#### Monopoly

Scoville, John, and Sargent, Noel. FACT AND FANCY IN THE T.N.E.C. MONOGRAPHS. New York, National Association of Manufacturers, 1942. 812 pp. Businessmen review the 43 monographs issued by the Temporary National Economic Committee.

#### Post-War Planning

Altmeyer, Arthur J.; Haber, William; Falk, I. S., et al. . . . WAR AND POST-WAR SOCIAL SECURITY. Washington, American Council on Public Affairs, 1942. 89 pp. The outlines for an expanded program of social security for the United States.

Beveridge, Sir William. SOCIAL INSURANCE AND ALLIED SERVICES. Report. New York, Macmillan, 1942. 299 pp. This is a post-war plan for social insurance in Great Britain against interruption and destruction of earning power and for special expenditures arising at birth, marriage, or death, which, it is claimed, will prevent want from the cradle to the grave.

#### Soldiers' and Sailors' Civil Relief Act

American Bankers Association. ANALYSIS OF SOLDIERS' AND SAILORS' CIVIL RELIEF ACT OF 1940 AS AMENDED. New York, 1943. 20 pp. Since this act has a direct bearing on bank policy and procedure in making loans to individuals of draft age for their dependents, this analysis and interpretation has been prepared by the office of the General Counsel of the A.B.A. in cooperation with the Consumer Credit Department for the guidance of the banks of the United States.

#### War Finance—Great Britain

British Information Services. DIRECT TAXATION AND POST-WAR CREDITS IN BRITAIN. New York, British Library of Information. 7 pp. Contains information on both the income tax and the corporation tax due in 1942-43 as well as on the three types of forced savings now in operation.



Four outstanding boats built by Chris-Craft with exterior-type fir plywood: (from left) U. S. Army Q boat, U. S. Army Aircraft Rescue boat, U. S. Navy Picket boat, U. S. Navy Troop Landing boat.

## BOATS...

**are one of Douglas Fir Plywood's most interesting War uses!**

• Exterior-type Douglas Fir Plywood is serving in all kinds of Army and Navy boats and in Liberty ships because it is so easy to fabricate . . . so lightweight . . . so resistant to damage yet, if damaged, so simple to repair . . . Remember, the many war jobs Douglas Fir Plywood is doing now will make this miracle wood far more useful to you after Victory!



Thousands of square feet of exterior-type Douglas Fir Plywood go into the hulls of the Navy's sturdy, lightning-fast PT boats. Constructed by Elco Naval Division.



The cabins in Kaiser Liberty ships are snug, thanks to walls and ceilings of Douglas Fir Plywood.

**TO HELP SPEED VICTORY**  
the Douglas Fir Plywood Industry is devoting its entire capacity to war production. We know this program has your approval.

### SEND FOR NEW WAR USE FOLDER

Dozens of photographs show many of the war jobs Douglas Fir Plywood is doing all over the world. You'll find it extremely interesting. It's free, of course. Douglas Fir Plywood Association, Tacoma, Washington.

**DOUGLAS FIR PLYWOOD**  
Real Lumber  
MADE LARGER, LIGHTER  
SPLIT-PROOF  
STRONGER

## BANKING'S Advertisers 1 February 1943

AMERICAN APPRAISAL COMPANY	3	HARRIS TRUST & SAVINGS BANK	82
Klau-Van Pietersen-Dunlap Associates, Inc.		Ferry-Hanly Company	
AMERICAN NATIONAL BANK & TRUST CO. OF CHICAGO	86	HARTFORD FIRE INSURANCE COMPANY.....	
Albert Frank-Guenther Law, Inc.		HARTFORD ACCIDENT AND INDEMNITY COMPANY	Cover II
AMERICAN TRUST COMPANY OF SAN FRANCISCO	87	Newell-Emmett Company	
Leon G. Livingston Advertising Agency		HOME INSURANCE COMPANY	59
Albert Frank-Guenther Law, Inc.			
AMERICAN WRITING PAPER CORPORATION	68	HOTEL ROOSEVELT	90
Charles E. Vautrain Associates, Inc.		Kelly-Nason, Inc.	
ANACONDA COPPER MINING COMPANY	18	INTERNATIONAL BUSINESS MACHINES CORPORATION	71
Ivey & Ellington, Inc.		Cecil & Presbrey, Inc.	
ANGLO-CALIFORNIA NATIONAL BANK OF SAN FRANCISCO	91	GEO. LA MONTE & SON	2
McCann-Erickson, Inc.		Samuel C. Croft, Inc.	
BANK OF AMERICA N. T. & S. A.	79	LAWRENCE SYSTEM	69
Charles R. Stuart, Inc.		McCann-Erickson, Inc.	
BANK OF MONTREAL	65	MANUFACTURERS TRUST COMPANY	15
Doremus and Company		McCann-Erickson, Inc.	
BANK OF NEW SOUTH WALES, LONDON	8	MARINE TRUST COMPANY OF BUFFALO	77
Atherton & Currier, Inc.		Batten, Barton, Durstine & Osborn, Inc.	
BANK OF NOVA SCOTIA	90	MARYLAND TRUST COMPANY	8
J. Walter Thompson Co.		The Emery Advertising Co., Inc.	
BANKERS TRUST COMPANY, DES MOINES	8	GEORGE S. MAY COMPANY	Cover IV
Coolidge Advertising Company		Jim Duffy, Inc.	
BANKERS TRUST COMPANY, NEW YORK	89	MERCANTILE COMMERCE BANK & TRUST COMPANY	66
Cowan & Dengler, Inc.		Oakleigh R. French & Associates	
BURROUGHS ADDING MACHINE COMPANY	89	MONROE CALCULATING MACHINE COMPANY, INC.	16
Campbell-Ewald Co., Inc.		Alley & Richards Co.	
CALIFORNIA BANK	83	NATIONAL BANK OF COMMERCE —HOUSTON	85
CANADIAN BANK OF COMMERCE	72	Ritchie Advertising Agency	
Scovil Advertising Company		NATIONAL BANK OF DETROIT	13
CHASE NATIONAL BANK OF THE CITY OF NEW YORK	7	J. L. S. Scrymgeour	
Doremus and Company		NATIONAL CITY BANK OF CLEVELAND	80
CITIZENS NATIONAL TRUST & SAVINGS BANK OF LOS ANGELES	88	McCann-Erickson, Inc.	
CLEVELAND TRUST COMPANY	84	NATIONAL CITY BANK OF NEW YORK	67
Meldrum & Fawcett, Inc.		J. Walter Thompson Co.	
COMMERCE CLEARING HOUSE	11	NEW YORK TRUST COMPANY	61
CONTINENTAL-ILLINOIS NATIONAL BANK & TRUST COMPANY OF CHICAGO	73	McCann-Erickson, Inc.	
Blackett-Sample-Humert		NORTHERN TRUST COMPANY	76
DAVIDSON MANUFACTURING COMPANY	14	J. Walter Thomas, Inc.	
Almon Brooks Wilder, Inc.		NORTHWESTERN NATIONAL LIFE INSURANCE COMPANY	95
DELUXE CHECK PRINTERS, INC.	6	McCann-Erickson, Inc.	
Presba, Fellers & Presba, Inc.		OLD REPUBLIC CREDIT LIFE INSURANCE COMPANY	5
C. J. DEVINE & CO.	5	Coolidge Advertising Co.	
Doremus and Company		PARSONS PAPER COMPANY	6
DOUGLAS FIR PLYWOOD ASSOCIATION	94	Charles E. Vautrain Associates, Inc.	
McCann-Erickson, Inc.		PHILADELPHIA NATIONAL BANK	58
DYKE ASSOCIATES, INC.	87	Benjamin Eshleman Company	
Burton E. Vaughan, Advertising		PITTSBURGH PLATE GLASS COMPANY	12
FEDERAL INTERMEDIATE CREDIT BANKS	70	Batten, Barton, Durstine & Osborn, Inc.	
Albert Frank-Guenther Law, Inc.		POLK'S BANKERS ENCYCLOPEDIA	65
FIRST NATIONAL BANK IN DALLAS	92	PUBLIC NATIONAL BANK & TRUST COMPANY OF N. Y.	6
FIRST NATIONAL BANK OF CHICAGO	64	Rose-Martin, Inc.	
Foot, Com & Belding, Inc.		THE PURSE COMPANY	65
FIRST NATIONAL BANK IN ST. LOUIS	72		
FORT WORTH NATIONAL BANK	90	R. G. RANKIN & CO.	3
Fulton National Bank	12	Pedlar & Ryan, Inc.	
Freitag Advertising Agency, Inc.		RECORDAK CORPORATION	55
GUARANTY TRUST COMPANY	78	J. Walter Thompson Co.	
Albert Frank-Guenther Law, Inc.		REMINGTON RAND, INC.	63
HALSEY, STUART & COMPANY	4	Leeford Advertising Agency, Inc.	
Doremus and Company		ROYAL BANK OF CANADA	9
		Albert Frank-Guenther Law, Inc.	
		VALLEY NATIONAL BANK, PHOENIX	81
		Advertising Counselors, Inc.	

# *A civilian's prayer*

Help me, Almighty God, to be the only kind of hero I can ever be.  
Help me see how important it is that I go gladly and energetically  
about the humdrum business of saving my tires and my fuel,  
of spending less and saving more, of eating less and working  
harder, of asking less and giving more.

Help me see that while the war may be won no matter what I  
do, the light we fight to keep alive may go out because of what  
I prove myself to be.

Help me to realize that Americans are fighting today, not to cre-  
ate freedom and opportunity for the ruthless and greedy, but to  
make it possible for kind men, men of integrity, responsible men,  
to work in peace, and to work for the common good.

Help me realize that these fighting men—indeed, the good men  
and women of the whole world—are waiting now for one small  
but all-important sign from me:

They know I can't join them in the blood and dirt. But they want  
to see if I will seek responsibility. They wait now to see if I need  
merely to be led to do my part, or if I must be driven. For that  
will tell them if their spirit is also my spirit, and their purpose  
mine.

Help me not to fail them. Amen.

*Northwestern National Life*  
INSURANCE COMPANY OF MINNEAPOLIS

O. J. Arnold President



*In years past, this company's annual financial statement has appeared in this space. The current  
statement was issued as usual on January 1. Copies are available upon request.*

INSURANCE IN FORCE \$498,544,076 ASSETS \$93,777,557 CAPITAL & SURPLUS FUNDS \$7,147,995

# A Violation of Credit Principles

THE position of the American Bankers Association with respect to socialized and government subsidized credit was stated on behalf of the officers of the Association and the chairman of the Federal Legislative Committee by W. L. Hemingway, Association president, at a joint meeting of the A.B.A.'s Agricultural Commission, its Food-for-Freedom Committee, and its Sub-committee on Agricultural Credit of the Federal Legislative Committee.

The policy stated by Mr. Hemingway was unanimously approved by all three groups. The statement is as follows:

"In view of the present interest on the part of many bankers in the subject of socialized credit and government subsidized credit, particularly in the field of agricultural credits, we are glad to state the position of the American Bankers Association:

"The American Bankers Association has long been opposed to the socialization of credit by the Government. By socialization, we mean the extension of credit and the making of loans by the Federal Government with costs and losses paid out of the Federal Treasury either directly or indirectly. Our position supports the stand maintained by leading farm organizations as they oppose the control of agricultural credit by political forces.

"It is recognized that direct relief by the Government in times of serious economic stress may involve some granting of loans from public funds as a temporary emergency expedient. However, the continued practice of making uneconomic loans from public funds, without the adequate consideration of the ability of the borrower to repay and with the losses socialized at the expense of the taxpayers, violates the principles on which credit rests and thereby endangers the foundation of a sound credit structure.

"We recognize the rights of farmers or any other group to establish, operate, and maintain cooperative credit enterprises. We believe, how-

ever, that such institutions should be operated on a self-supporting basis and that income should be adequate to cover the costs of operation, including credit losses. Continuing losses of any such institutions should not be subsidized out of the Federal Treasury.

"The American Bankers Association believes that the agencies of the Farm Credit Administration should be farmer-owned and farmer-controlled cooperative credit institutions, and in this connection it will continue to support the farm organizations in their effort to protect this farmer-ownership and control and to provide for the ultimate elimination of government subsidy.

"We believe that the present subsidies enjoyed by the Production Credit associations in the form of government capital should be returned to the United States Treasury as soon as practicable.

"The American Bankers Association maintains the position that it is not in the public interest for the Government to engage in the lending business where local credit is available in adequate supply and at reasonable rates.

"The American Bankers Association will continue to present its position on these matters before appropriate administrative agencies of the Government and before committees of Congress in an effort to secure the relief which is not only reasonable and proper but which is as much in the public interest and in the interest of farmers as it is in the interest of chartered banking. The A.B.A. welcomes the support of state associations in seeking these objectives.

"The chartered commercial and savings banks of the nation represent the largest source of all agricultural production credit. In the present emergency the banks, in financing war production, are ready and anxious to further marshal their resources to serve the nation's credit needs in support of Food-for-Freedom in 1943."



# PEACE OF MIND.. *in time of war?*



Today no one can buy *complete* peace of mind for love or money. That must wait until the price of Victory is paid—in the mortal currency of blood and sweat and tears.

But every one of you who longs for present and future security—for your family, your country, your business—can and should do two things to help achieve that security. And to lessen today's worries.

#### *With an eye to tomorrow . . .*

Invest every dollar you can in War Bonds. Not simply for the immediate purpose of helping to pay for fighting tools—but be-

cause you can not make a better investment for your own future protection. After they've helped Uncle Sam to win the war, your Bonds will help *you* to educate the children, or remodel your house, or do whatever is nearest your heart.

#### *With an eye to today . . .*

Insure yourself against all risks of potentially serious financial loss through fire, accident or someone's dishonesty. You probably have fire insurance on your home—an automobile policy for your car. But is that *enough* protection in these times?

Naturally you don't need *all*

the kinds of insurance offered by the Two Hartford—there are more than 70 of them. But if you have a family—property—a job—a business of your own—useful eyes and hands—you almost surely need *some* forms of protection that you do not have now!

#### *Get expert advice*

Only a qualified insurance man can tell you *which* forms of protection you need—*why* you need them—*how much* you ought to have. Talk it over with your local Hartford agent\* or your insurance broker. Two or three additional premiums are a lot easier to pay than one serious loss!

\*We'll gladly send you his name.

## HARTFORD INSURANCE

Hartford Fire Insurance Company • Hartford Accident and Indemnity Company

THE TWO HARTFORDS WRITE PRACTICALLY EVERY FORM OF INSURANCE EXCEPT LIFE



HARTFORD, CONNECTICUT



What  
would happen to your business  
if your health should fail?

## GEORGE S. MAY COMPANY

CHICAGO  
May Building  
2600 North Shore Ave.

CANADA: 320 Bay St., Toronto  
OFFICES IN PRINCIPAL CITIES

NEW YORK  
Chanin Building  
122 East 42nd Street

